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**on the topic:**

**“Management of industrial and trading activity of the enterprise”**

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## INTRODUCTION

Modern transformation and crisis economic and political processes that characterize business environment in Ukraine have a decisive influence on activity of industrial and trading enterprises.

The decisive prerequisite for ensuring the effective management of industrial and trading activity of the enterprise in modern conditions is a correctly formed production and trading strategy, providing production of quality goods that meet all the technical norms and standards, executing the balanced pricing policy, identifying the most significant factors that affect on the effectiveness of activity, hiring high-quality staff and execute effective management towards it.

The most difficult and important tasks for modern industrial and commercial enterprises is to build a clear and consistent management mechanism at all stages of the product lifecycle and identify factors of influence on the effectiveness of management. Thus, importance of performing effective management of industrial and trading activity determines the actuality of this research topic.

Highlighting of the theoretical principles of management of industrial and trading activity of the enterprise, the problems arising in the process of organizing management in the enterprise is reflected in the works of domestic and foreign scholars, namely Aguinis H., Fayol H., Robisch K., Baraban O., Dudukalo H., Holoshubova N., Hrechko A., Hrechuhin A., Kutsyk P., Mykytenko N., Zubkov S.

The purpose of the final qualifying paper is research of theoretical and practical aspects of management of industrial and trading activity.

Based on this purpose the main objectives of this paper are:

- to define theoretical and methodological principles of management of industrial and trading activity of the enterprise;
- to specify the content of the main stages of management of industrial and trading activity of the enterprise;
- to characterize the methods of assessment the effectiveness of management of industrial and trading activity of the enterprise;

- to perform general characteristics of industrial and trading activity of the enterprise;
- to execute factor analysis of industrial and trading activity of the enterprise;
- to fulfill the estimation of effectiveness of management of industrial and trading activity;
- to clarify priority directions of improvement of management of industrial and trading activity;
- to accomplish the predicted evaluation of the effectiveness of the proposed measures.

Object of the final qualifying paper is a system of the management of industrial and trading activity.

The subject of the final qualifying paper is a set of methods of research of management of industrial and trading activity.

Methods of research. In order to achieve goal in the analysis of overall economic condition and effectiveness of managerial measures in the industrial and trading activity of the enterprise the following methods were used: analysis and synthesis, grouping, comparison, factor analysis, economic-statistic method, extrapolation, graphical.

The information base of the research was: laws, regulations, educational and methodical literature, scientific publications in periodicals, financial statements and accounting reports of JSC “Slovianski Wallpaper – KFTP” for 2015-2017 years.

Scientific novelty of the obtained results:

- own definition of management of industrial and trading activity of the enterprise is given;
- measures for improvement of management of industrial and trading activity at the enterprise are justified.

The practical value of the obtained results consists in the fact that the theoretical provisions, conclusions and methodical recommendations are brought to the level of concrete methods and proposals, which can be used in order to improve

the management of industrial and trading activity at the enterprise. Scientific and practical provisions on the increase of efficiency of management of industrial and trading activity can be adopted at the enterprise.

In accordance with the theme of this paper was prepared the article on the topic: “Analysis the methods of efficiency assessment of management of production and trading activity of the enterprise” that was published in the collection of scientific articles of students (part 2) in 2018 year and submitted in appendix A.

The structure of the final qualifying paper: introduction, 3 parts that include 8 sections, conclusions and proposals, references. The text of the main body presented on 56 pages, paper includes 8 tables, 2 figures, 16 appendices, references contain 33 resources.

## **PART 1**

# **THEORETICAL AND METHODOLOGICAL PRINCIPLES OF MANAGEMENT OF INDUSTRIAL AND TRADING ACTIVITY OF THE ENTERPRISE**

### **1.1 The essence, purpose and tasks of management of industrial and trading activity of the enterprise**

Modern interpretations of the concept of management appeared in the early 20<sup>th</sup> century, when violent changes took place due to scientific and technological progress. Notion of management does not have the single correct definition, because the history of management process improving and business forms dictates its vision of this notion.

Proceeding from this point of view, we will consider the essence, goals, and objectives of management of production and trading activities as management in general, referring to foreign and domestic economists, theorists and practitioners.

According to Buffa E. “production management deals with decision-making related to production processes so that the resulting goods or service is produced according to specification, in the amount and by the schedule demanded and at minimum cost” [15, p. 154].

According to Fayol H. “to manage is to forecast and to plan, to organise, to command, to coordinate and to control” [19, p. 35-36 ].

For effective implementation of management of industrial and trading activity is important to compliance with the principles of organization management named after Fayol H. namely discipline, unity of command, unity of direction, stability of tenure of personnel, initiative, order that must encompass all stages of industrial and trading processes [14, p. 82].

Current conditions of competitive environment trigger the changes in priorities of the management of industrial and trading activity. In the process of determination

of the strategy for long-term efficient functioning it is important to put the goal to obtain positive both economic and social effect.

Management as every other scientific concept has its distinguishing key characteristics. We will introduce the most important of them.

Management is the result-oriented activity, which in turn should be reflected in tangible results and visible indicators for the enterprise (achieving certain goals in terms of sales, profit, etc.).

Management has a leadership character that defines management as the system of hierarchical relations in person – person system, the activity of coordinating the efforts of subordinates and successful motivation towards them aimed to achieve the expected results.

Management is a social and communicative process. It means that management occurs between people in the process of communicating which are determined ways and methods of achieving the goals.

It should not be neglected by the importance of human factor in the process of management, due to this phenomenon management determined by personal approach.

The process of modern management cannot be imagined without high-quality software which generates the informative base for ongoing analysis and decision making. However, the management process is inherently cannot be fully automatized, it is comprehensive mental process.

Management is a complex and multifactorial category, efficiency of which cannot be characterized only by conducted quantitative calculations, for example, the level of public confidence to the brand of the enterprise, its awareness or the level of competitiveness of the enterprise are comparative indicators.

It is worth to say that the concept of “management of industrial and trading activity” did not find its reflection in the world scientific thought.

In order to give own definition of management of industrial and trading activity it is needed to better understand the certain peculiarities of this concept and for it we will consider production and trade sphere separately, taking into account the specific sides each of them.

Industrial management means converting inputs (resources) into outputs (goods) through the operational system with the using of the main management functions, namely planning, organization, motivation and control of production activities.

The main purpose of industrial management is to produce goods and services of high quality, sufficient quantity, at the right time, at the right place and at a minimum cost. Industrial management is aimed at the full or optimal use of existing production capacity at the enterprise, elimination bottlenecks.

The major tasks of industrial management can be defined as: 1) achieving indicators specified in production plan of the enterprise; 2) the growth of market value of the company; 3) minimization of the level of production costs per unit of output; 4) creating the safe working conditions for productive staff; 5) decreasing the production cycle duration; 6) decreasing unemployment rate.

On the next step we will consider the essence, main characteristics and objectives of trading activity of the enterprise. According to Article 263 of the Economic Code of Ukraine commercial business (entrepreneurship) defined as “an independent, initiative, systematic, at its own risk, economic activity carried out by economic entities (entrepreneurs) in order to achieve economic and social results and profit” [2].

The most important type of entrepreneurial activity is economic and trading activity, that is, activities carried out in the field of commodity circulation and aimed at the sale of products of industrial and technical purpose and products of consumer consumption, as well as auxiliary activities that ensure their implementation through the provision of appropriate services [10, p. 63].

The management of trading activity is determined by the range of interrelated management subsystems such as procurement management, inventory management, financial management, personnel management, logistics management, brand management, merchandising etc.



The main indicators for determining the effectiveness of trade activity of the enterprise are commodity stocks, the volume and assortment structure of the turnover of the enterprise, current assets turnover, income, profit, level of distribution costs.

The primary tasks of the operational management of trading activity is to create a well-running trading and logistics network, implementation of balanced pricing policy, ensuring execution of post-production operations (packing, warehousing, storage).

The main objective of tactical management of trading activity is ensuring well-functioning operations aimed to satisfy customers with goods and services and increasing turnover at the enterprise.

The main objective of strategic management of trading activity of the enterprise is converting trademark into brand and enter to the foreign markets.

Summing up, we can state that combination of industrial and trading activity of the enterprise defines its operating activity, which determines the specialization of the enterprise and brings the greatest profit value.

Operational activity – purposeful activity aimed to create any goods (any material and intangible benefits). It covers the production of material products, the provision of services, and performance of works in any field of activity [8, p. 152].

Hence, we can offer our own approach to determining the concept of management of industrial and trading activity. Management of industrial and trading activity is a system of specific, practical measures aimed at efficient use of all available resources, ensuring unity and consistency of industrial and trading processes and enhancing the socio-economic effect of activity of the enterprise.

Management of industrial and trading activity encompasses on all production and trade operations that determine the cycle of various stages from obtaining raw materials, production resources, equipment for manufacturing to gaining the profit from selling products.

The purpose of management of industrial and trading activity is to ensure the profitability of the enterprise by rational organization of production and trading

processes at the expense effective usage of resources (material, financial, technical, personnel etc).

In the process of management of industrial and trading activity one of the most important task is understanding correlation between production and trade processes, between causes and consequences of certain events, and the determination of factors that carry out significant influence.

Thus, the main purpose of the management of industrial and trading activity is to provide efficient use of resources (material, financial, human, information) for production high-quality goods and ensure effective system of its distribution and sale with the purpose to obtain commercial profit.

## **1.2 The content of the main stages of management of production and trading activity of the enterprise**

In today's management theory there is a large number of approaches to determining the management process.

It should be emphasized that management process is a comprehensive by its essence; it spreads at all divisions of the enterprise and activities related to each of them. We can state that each individual approach referred to this definition characterizes the certain aspect of management process.

So, Aguinis H. defined that "Performance management is a continuous process of identifying, measuring and developing performance in organization by linking each individual's performance and objectives to the organization's overall mission and goals" [21, p. 153].

The essence of management is manifested with the help of such management functions as planning, organizing, motivation and control.

In the process of management of industrial and trading activity these functions reflect the enterprise as a coherent system engaged in conversion input resources (raw materials) into outputs (finished products) and organization of products sale and its distribution.

The process of tactical management of industrial and trading activity is a set of sequential actions of managers from the definition current state of the object management to decision-making in different stages of management (planning, organizing, motivation, control) regarding the achievement of tactical objectives.

Performing the effective management of industrial and trading activity at the enterprise requires the stages of this process being clearly identified. Table 1.1. reveals the stages of process of management of industrial and trading activity at the enterprise.

*Table 1.1*

**Stages of process of management of industrial and trading activity**

№	Stages of management process
1	Determination of the enterprise mission
2	Analysis of market and choosing the target audience
3	Searching partners (suppliers, intermediaries)
4	Planning of production process and costs (production plan)
5	Organization of production process
6	Organization of sales
7	Monitoring of efficiency of industrial and trading processes
8	Motivation of staff to achieve the desired results
9	Control of efficiency of industrial and trading activity performance
10	Applying proposals for improvement of management of industrial and trading activity

*Source: Own elaboration*

In trade as a field of commodity rotation, a large complex of different processes and operations is executed. By the nature of the functions performed in the sphere of the commodity rotation, processes and operations can be divided into two types – technological and commercial (namely trade) [4, p. 362].

Technological processes related to the movement of goods and are the continuation of production process in the sphere of rotation (transportation, storage, packing). These processes reflect the mechanism of management of material flow of cargoes including production and technological operations, accompanying the organization of promotion of goods from manufacturer to the final consumer [26].

The main objective of commercial activity organization is the change of the form of value in the system commodity-money. Trade processes determined by commercial operations concerning to the change form of possession. They involve

processes that provide trade mechanism functioning, in particular, market research investigation, estimation of the main competitors, establishment partner relations, undertaking measures aimed for enhancement in selected market niche.

It is worth noting that the distinguishing peculiarity of modern highly technological enterprises is such fact that process of the various market investigations is carried out before actually the industrial process.

In terms of the management of trading activity, undertaking the pre-production marketing research plays an important role. After all, managers must have a clear vision and accurate answers to the questions: “What to produce?”, “For whom?”, “In which volumes?”, “Who is our customer?”.

Once the market investigation had been carried out, the pre-production marketing measures were undertaken, stages of the production management can be considered.

The first stage of this process is planning of production volumes according to production capabilities and identifying amount of resources required for every stage of production cycle.

An initial part in the implementation of production process is to determine by production management of the enterprise the production planning scheme according to which production process will be carried out. It can be the pull or push system of production planning.

The next stage is design of production process graph. The most widely used tool in project management known as Gantt chart which illustrates operations included in the project and their duration. Operational managers must define the operational cycle duration, anticipate possible failures and develop measures aimed to eliminate their negative impact.

The main assignment of the next stage is the coordination of staff, resources in a process of production new goods. The next stage of production management process is a motivation of staff involved in production of goods. It can be achieved by means of monetary as well as moral encouragement.

Final step in the production process management is a task performance control, comparison the achieved results in accordance with the assigned tasks.

Mentioned above functions of operational management are inherent as well in the management of trading activity. For enterprises engaged into production and trading processes it is becoming a crucial task to organize sale of their goods, what will be the final stage in the system commodity-money.

Managers should have the overall vision of the enterprise capabilities for planning how trading activity must be organized. They have to find answers to the questions: “How we will organize the sale of our goods?”, “If we have enough own financial resources to organize sale abroad?”, ” Who are our main partners?”, “How we will carry out the price policy?”.

In the stage of organization of the process of trading activity management it is important constantly to ensure monitoring the main indicators that enable to find out the ways for its improvement, ensure timely information flow between all departments of the enterprise.

The motivation of the personnel dealing with the trade operations is an important function for achieving expected results.

In the stage of control managers estimate the results obtained from carrying out trading activities for a certain period of time, based on these results they can make suggestions for production department concerning changing the produced volume of certain goods, analyse possibilities for potential growth of trade indicators.

### **1.3 Methods of assessment the effectiveness of management of production and trading activity of the enterprise**

Ensuring efficiency of business activity is a one of the most important aspect of optimal functioning of the modern enterprises in a competitive market conditions.

Efficiency is one of the main characteristics of enterprise management, which should be studied detailed. Ensuring efficiency is directly related to its evaluation.

Evaluating of efficiency has an important place in the management system activity of the enterprise and it is an important component in the process of identifying problems, finding out the sources for their elimination, as well as defining strategic and tactical objectives for production and trading activity.

Nowadays there is no single approach to assessment the effectiveness of the two most important areas of enterprise – production and trade. It determines the importance of the problem of choosing a methodological tool for assessment the efficiency management of production and trade activity for every business entity.

Each enterprise has its own specific features, thus the issue of improving the methods for assessment the management production and trading activity of the enterprise remains to be open and flexible.

The evaluation of the effectiveness of management at the enterprise is necessary in today's business environment. So, Dudukalo H.O. in her article gives a predominant role to financial indicators, such as profitability, net profit, the cost of the company as performance indicators of the enterprise management [5, p. 24-27].

Kabanov V. H. define that an assessment of the effectiveness of an enterprise, as a rule, is based on analysis of various financial indicators such as net profit, profitability investments, market value of the enterprise [7, p. 30-33].

Kutsyk P.O. and Hereha H.F. on the basis of the thematic analysis, they conclude that “The criterion of profitability of total assets can objectively be considered the main instrument of the management system of domestic enterprises of trade” [9, p. 6-11].

Efficiency of business activity is determined in different ways. Efficiency in the most general sense is the ratio of the value of sold products (services) to their costs. The main task of managers is to get the best results at the optimal cost level. In an unstable economic situation, the ability to accurately assess the effectiveness of business activity, to identify the directions of its further development, to react quickly to factors of the external and internal environment becomes crucial for achieving the underlying goal of business – obtaining and maximizing profits. This raises the

question of selecting a methodological tool for assessment the effectiveness of enterprise management.

For selecting a specific method for assessing the effectiveness of enterprise management, first of all, it is necessary to determine the criteria by which the obtained data will be analyzed. An important element of evaluation system of resource potential using is the chosen approach to evaluation. Zubkov S.O. highlights the following main approaches: resourceful, functional (structural), target, synergistic, benchmarking [6, p. 76].

Management is a category that cannot be measured quantitatively, for example, we cannot estimate the level of public confidence to the brand of the enterprise or the level of competitiveness of the enterprise. However, the components (in particular, financial and economic), which determine the effectiveness of management in different divisions of the enterprise, can be quantified (profitability indicators, coefficients of turnover, periods of turnover all kinds of assets). Assessment of management as a complex concept is determined by a combination of all components and levels of management that are present at the enterprise.

Using annual financial data and financial statements of the company gives possibility to evaluate the results of economic activity, calculating different economic indicators that reflect bottlenecks and level of achieving of planned indicators at the enterprise. They serve as an instrument for analyzing current economic situation.

Financial analysis gives possibility to obtain information about current situation and make forecast for future. There are different classifications of methods of financial analysis. Economic theory defines next economic and statistical methods: periodic analysis, structural analysis, trend analysis, analysis of relative indicators (coefficients), comparative analysis, rating method, grouping method.

These methods allow us to assess the performance of an enterprise in terms of the structure of assets or liabilities, in the ratio of indicators of certain periods to determine the regularity of economic processes, as well as for comparability of indicators in the time interval.

Also factor analysis should be singled out separately as a method of evaluation of different variables on obtained results. It can represent which factors have more significant impact on final result, what economic situation should expect in future if continue chosen strategy in some direction of business activity. It is very important for business analysts to understand how to react in unpredictable situations, how to manage resources.

Factor analysis enables to determine the factors that have the most visible impact at the performance of the enterprise. For example, factors that can be related to trade are the seasonality of sales, the income of the population, the price policy of the company, the positioning of the company and its products on the market and in the manufacturing sphere those factors can be the price of raw materials, the frequency of its supply, the qualifications of workers, the working conditions of employees. Nowadays factor analysis is widely used in management in business environment.

These methods of analyzing the economic results of an enterprise are the most common and are used in enterprises of all forms of economic activity. In order to assess and plan the future of business development, it is necessary to analyze competitors, identify their weaknesses and strengths, and to make their own development strategy that maximally attracts its strengths and minimizes disadvantages. The most widely used methods are SWOT and PEST analysis. The first of them determines the strengths, weaknesses, opportunities and threats for a company, and the second determines the influence of factors of the environmental impact – political, economic, social and technological.

Strategic business positioning instruments are also often used to improve the efficiency of trading activity, in particular the McKinsey and Shell-DPM Matrix which enable to define a strategy in the market according to different conditions of market attractiveness and competitiveness of the enterprise.

The determined above methods give an opportunity to comprehensively evaluate the efficiency of management at industrial and trading enterprises. Table 1.2 contains overall view of advantages and disadvantages of the main methods for



assessment of efficiency of management of industrial and trading activity of the enterprise.

Table 1.2

**Advantages and disadvantages of the main methods of assessment of efficiency of management of industrial and trading activity**

Method	Advantages	Disadvantages
1. Coefficient analysis	variety of indicators authenticity of results	does not reveal problems and ties with other indicators
2. Comparative method	revealing the weaknesses variety of indicators availability of use the authenticity of results	high spending time not clear interpretation of results
3. Rating method	clear interpretation of results fast performing of analysis and processing of results	not operative application does not reveal weaknesses
4. Grouping method	high level of objectivity variety of indicators availability of use	does not reveal weaknesses not clear interpretation of results
5. Factor analysis	the clear interpretation of results revealing weaknesses high level of objectivity the authenticity of results	no variety of indicators not operative application
6. Methods of strategic positioning	enables to assess the future perspectives for the enterprise prevalence of application	high level of subjectivity spending time

*Source: Own elaboration*

So, to sum it up, we can conclude that the efficiency of management is a complex and multifaceted category. There is no single approach to assessing the effectiveness of management. Consequently, the choice of methods for assessing the effectiveness of management depends on the selected criteria, accordingly to which assessment is carried out, the time period, the objectives of evaluation, as well as the specifics of the enterprise itself. In modern production and trading enterprises for the assessment of management efficiency it is necessary to use the methods of economic and statistical analysis, factor analysis, methods for assessing the internal and external environment, methods of strategic positioning.

## PART 2

### ANALYSIS OF INDUSTRIAL AND TRADING ACTIVITY OF JSC “SLOVYANSKI WALLPAPER – KFTP”

#### **2.1 General characteristics of industrial and trading activity of the enterprise**

As a basis for our research joint-stock company “Slovyanski shpalery – KFTP” was chosen. Joint-stock company “Slovyanski Wallpaper – KFTP” (Koryukivska factory of technical paper) – the company is located in Koryukivka, town in Chernihiv region. The main economic activity of the enterprise is a production of wallpapers. The wallpapers are produced under the well-known trademark called “Slovyanski Wallpaper”.

By a decree of the Council of Ministers of the USSR in May 1946 on the place of the destroyed sugar plant working since 1858 up to the beginning of Patriotic war, construction of factory on production of technical papers was begun. In 1949, the first product coated paper – was manufactured, and somewhat later they began to produce a colored paper. Construction of the factory was finished in 1961. The first wallpaper of Koryukivska factory of technical paper production were sold abroad in the 1980<sup>th</sup> [18].

Reorganization of the enterprise was in the mid-nineties carried out to open joint- stock company and the concept of attraction of domestic investments, first of all is developed for production of wallpaper. According to the decision of the general meetings of the shareholders from 02.03.2011 the closed joint-stock company “Koryukivska factory of technical papers” was renamed into the public joint-stock company “Slovyanski Wallpaper – KFTP”.

In the process of performing this final qualifying paper by the decision of the Extraordinary General Meetings of the Shareholders (protocol from 24.11. 2017), the type of partnership has been changed from the public to a private joint-stock company. Full name of the joint-stock company before change: public joint-stock

company “Slovyanski Wallpaper – KFTP”. Full name of the joint-stock company after change: private joint-stock company “Slovyanski Wallpaper – KFTP” [18].

Nowadays JSC “Slovyanski Wallpaper – KFTP” is well known as the biggest factory of the wallpaper production in Europe.

Besides wallpapers the company renders complex printing services in production: business cards, leaflets, letterheads, cards, folders, notebooks, posters, brochures, booklets, magazines, labels, calendars [18].

JSC “Slovyanski Wallpaper – KFTP” is an independent participant of foreign economic activity carrying out the sales of wallpapers overseas. The main markets for the company are Middle East countries, SND, European Union, Baltic countries.

Products of company have a wide assortment of wallpapers such as: corrugated wallpapers, washable, duplex, acrylic, vinyl, flizelin based and hot stamping wallpapers.

The wallpaper assortment consists of 16 different collections. They are presented as Le Grand Platinum, Le Grand Diamond, Le Grand Gold, V.I.P. Class, V.I.P. Class Plus, Office Style, Elegance, Comfort, Comfort Plus, Exprompt, Airy Walls, Garant, Gracia, Harmony, Venice, Colorit.

Powerful technological capabilities of the enterprise ensure to produce different types of wallpapers. Represented collections vary by the production technology.

Such collections as Airy Wall, Comfort, Comfort Plus, Exprompt belong to vinyl wallpapers. Harmony, Colorit belong to corrugated wallpapers. V.I.P. Class, V.I.P. Class Plus, Office Style – vinyl wallpapers based on flizelin. Le Grand Platinum, Le Grand Diamond, Le Grand Gold, Elegance – hot stamping vinyl wallpapers. Venice – washable wallpapers. Garant – acrylic wallpaper collections. Gracia – duplex wallpapers.

The process of production wallpaper is a complicated and needs a lot of time to implementation the designers’ ideas. Below we give in more detail the stage of this process. Table 2.1 reveals the cycle of wallpaper production.

Table 2.1

### Stages of the process of wallpaper production

Stages	Content
1	Projecting by designers of a new wallpaper sketch.
2	Selection of colors and prints – samples of new wallpapers.
3	Approval of a new design by a high level of management.
4	Production of a printed stencil.
5	Manufacture of plastisol – basis for the wallpaper decor creation.
6	Large-scale coloring based on designer's idea.
7	Directly manufacturing process, during which quality checks and compliance with technological parameters are carried out.
8	Next stage-check the quality of the already manufactured wallpaper in the appropriate laboratories.
9	Packaging wallpaper in shrink film.
10	Packed rolls are laid in boxes of corrugated cardboard.
11	Placement of products on warehouses.

Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”

In the production process the enterprise uses the high-quality production lines and raw materials bought abroad. The main suppliers are European entities, particularly entities from SND, Germany and Poland.

The latest production technologies are used at the enterprise, which enable to produce the quality, safe products and meets all technical parameters. Wallpapers are produced according to requirements of DSTU state standard specification 6810:2004 “Wallpaper. Specifications”.

On production the control quality system of ISO 9001:2001 which covers all activities which are carried out on stages of life cycle of production is developed and certified. All wallpapers of JSC “Slovyanski Wallpaper – KFTP” are certified in systems of UKRSEPRO (Gosstandart of Ukraine).

Concerning to trading activity it should be noted that the enterprise realizes payments with buyers exclusively by cashless method. New clients are not provided with any price preferences and the main condition for making the trade agreement is to receive from the client 100% advance payment. The policy of setting prices in the

enterprise considers the demand of certain buyer, the number of ordered parties, the rhythm of the orders, and currency of the contract.

Trade transactions are performed in accordance with the condition Ex Works Incoterms 2010. According to this condition the buyer's duty – submit finished goods in their warehouses. All these terms are prescribed in the contract with each foreign counter-agent.

Wholesale trade is the main type of trade carried out by JSC “Slovianski Wallpaper – KFTP” for wallpaper sales. The distribution network is represented by some big dealers and their smaller subdealers. The main dealers are “Home decor” and “Wall decor” operating in Dnipro, Kharkiv, Khmelnytskyi, Kyiv and have their own distribution channels.

The retail trade is only represented by storefront that operating in Koryukivka and was built by the factory.

The main competitors JSC “Slovianski Wallpaper – KFTP” in the external market by volume of sales and quality of products are next companies:

- JSC “Edem” (TM “Status”, TM “Versal”) Dnipro;
- LLC “Vinil” (TM “Lanita”), Dnipro;
- LLC “Sintra” (TM “Sintra”), Kalush;
- LLC “Block LTD” ( TM “Slobozhanski”), Kharkiv.

In the conditions of market relationships the economic analysis of financial results contributes to improve production and trading activity management, strengthen its economy aimed to implement goals and plans, increase the overall company efficiency.

We will accomplish this analysis for decision-making purposes and understanding the overall health of this enterprise, finding the main directions for improvement the management of industrial and trading activity. For its carrying out we will use balance sheets, income statements for the last three years which contained in appendices B – G.

First of all we will start analyzing the indicators which characterize the financial results of the enterprise and its financial stability.

Table 2.2 provides the data on the formation of financial results of the enterprise, namely profitability of products and profitability of the activity.

Table 2.2

**Formation of financial results of JSC “Slovyanski Wallpaper – KFTP” for  
2015 – 2017**

№	Indicator	2015	2016	2017	Absolute deviation		Growth rate,%	
					2016/ 2015	2017/ 2016	2016/ 2015	2017/ 2016
1	Proceeds from sales of goods (works, services), ths.uah	1538246	1191516	1258436	-346730	66920	-22,54	5,62
2	Cost of goods sold, ths.uah	1160560	903095	1046486	-257465	143391	-22,18	15,88
3	Gross profit, ths.uah	377686	288421	211950	-89265	-76471	-23,63	-26,51
4	Net financial result: profit, ths. uah	198367	180720	101840	-17647	-78880	-8,89	-43,65
5	Return on activity,%	12,89	15,16	8,09	2,27	-7,07	17,61	-46,64
6	Return on products, %	17,09	20,01	9,73	2,92	-10,28	17,09	-51,37

Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”

Analyzing table data, we can make the following conclusions:

1) regarding to proceeds from sales we can see that the score of 2017 year is a better than 2016 year but still less than in 2015. Cost of goods sold has the same tendency;

2) regarding to net financial result we can state that the activity of this enterprise is profitable but along with this we observe the negative tendency of such indicator. In 2017 year score of this indicator reduced at 43,65% compared to the previous year. In 2016 year we also can observe the negative tendency of this indicator which is 8,89%;

3) regarding to the return on activity we can state that the enterprise has positive value of this indicator only in 2016 year. In 2016 year profitability of activity increased at 17,61% accordingly to 2015 and in 2017 we see the negative growth rate which is 46,64%;

4) regarding to the return on products we can say that in 2017 this indicator was reduced at 51,37%.

The main reasons of such change were: a) increasing of the cost of goods sold value; b) decreasing of net income value. In our next analysis we will identify the reasons that caused by obtaining such results.

The next step of our paper is analysis of the enterprise financial state indicators over the past three years, which are decisive in the activities of any business entity.

It is advisable to evaluate the financial stability of the enterprise in a phased manner, based on a set of indicators. The financial sustainability indicators are submitted in appendix H.

The solvency ratio indicates which part of assets the enterprise is able to finance at the expense of its equity. This indicator in the investigated period has its maximum value in 2016 year and totaled 0,95, in 2017 year we can observe a slight decrease in this to 0,92. It means that in 2017 the enterprise was able to finance 92% of assets at the expense of its equity. The high value of such indicator means an insignificant amount of risks and financial stability of the enterprise, which is secured by its equity, but as we can observe the value of indicators is greater than the value 0,5 and it indicates that the company uses not all its potential, as a conclusion it is expected to attract additional borrowing funds.

The dependence ratio is opposite to the solvency ratio and enables to determine the share of assets financed by short-term and long-term financial resources. Analyzing this indicator we can say that such scores are within norm, thus in 2017 year for each hryvnia of its equity accounted for 0,11 hryvni of financial resources, which is 0,06% more than in previous year.

Own to borrowing funds ratio has increased in 2016 compared to 2015 year and totalled 20,3, but in 2017 year there was a reduction to 11,3, indicating that on each hryvnia of own funds invested in enterprise assets, accounted for 11,3 hryvni to borrowed funds. The reduction of this indicator testifies about decreasing in dependence of the enterprise from investors, creditors, thus it indicates some increasing of financial sustainability.

The long term capital ratio characterizes the capital structure. In the investigated period the long-term capital ratio has decreased compared to previous years and in 2017 it is equal 0,011.

The availability of own working capital is a guarantee of normal functioning of the enterprise. The investigated enterprise is sufficiently provided with own working capital during analyzed period. The sum of own working capital is the indicator which reveals that part of current assets of the enterprise which can be financed by its own financial resources. We can mark that the enterprise increases his working capital during the last three years; accordingly it is a good indicator for the enterprise.

The equity mobility ratio enables to determine the share of equity, aimed at funding of current assets. Thus, the value of score indicates which part of its equity can be used to finance current assets, and which part is aimed to finance non-current assets.

The enterprise has high value for three last years, it is within 0,61-0,69. The maximum level of this indicator was reached in 2016 and totaled 0,69% which is at 0,06 points greater than value of 2017 year. However, we can state that values of such indicator are high.

Positive scores testifies about sufficiency of own financial resources for financing of fixed assets and part of current assets. We can conclude that due to equity predominantly the enterprise is funding its current assets.

The securing of current assets to own funds ratio reflects the ability of the enterprise to finance the current assets due to its equity. Obtained results have a positive dynamics in 2016 and negative in 2017, but still such indicators. According to calculation we gained in 2015 value is 0,06, in 2016 value is 0,09, in 2017 the value is 0,08. The high level of the indicator testifies to the ability to quickly respond to its short-term liabilities at the expense of its equity.

The financial stability ratio indicates the rate of own and borrowed funds of the company. In 2016 we obtained the positive change (at 6,78%) of such indicator compared to 2015 but in 2017 it reduced at 7,06%.



Financial sustainability ratio enables to identify which part of assets is financed due to long-term sources of financing – equity and long-term borrowed financial resources. We obtained the high values of this indicator that determine low risk of solvency loss and good prospects of the enterprise functioning.

So, to sum up, we can make the overall conclusion and say that the financial state of the company is satisfactory. Indicators of 2017 mostly have a negative dynamics, however all indicators, in general, are within normative values. Thus, the financial stability of the investigated company is strong, financial risks are at the acceptable level, which also indicates a steady financial state.

In the process of carrying out the management of production activity it is necessary to take into account the importance of such asset as fixed assets. Fixed assets are the priority component of non-current assets for manufacturing companies. Effective use of the fixed assets reflects production management efficiency.

The rational use of the fixed assets and production capacities of the enterprise contributes to the improvement of all technical and economic factors, in particular increasing of produced output, reduction its cost. The tasks of the analysis of the state and efficiency of fixed assets are determination trends of the enterprise technical base, evaluation dynamics, analysis of efficiency of their use, determination of improvement directions.

Fixed assets of JSC “Slovyanski Wallpaper – KFTP” mainly consist of machinery and equipment, buildings and structures, vehicles, tools, and land.

The most common indicator which reveals the effectiveness of the fixed assets usage is capital productivity that is characterizes the value of output products in the calculation for 1uah of total amount of fixed assets. It reveals the amount of finished products produced per unit of fixed assets.

Return on fixed assets is defined by score of net profit in the rate of 1uah of average annual cost of fixed assets.

Analyzing the data submitted in appendix I we can conclusions that capital productivity, ratio of fixed assets, capital ratio per employer, return on fixed assets –

indicators which characterize performance of use of fixed assets have negative deviation in 2017.

Value of capital ratio has positive variation and this figure indicates that the cost of fixed assets accounted for one hryvnia income was increased at the enterprise in 2017 year. In conclusion, we can state that basic indicators of the use of fixed assets have a negative deviations in 2017.

To assess the effectiveness of industrial management cost approach can be applied, according to which costs are the main indicator. Operating expenses are the costs associated with a company's main operating activities and which are reported on its income statement.

The next stage of our research is an analysis of the dynamics and structure of operating expenses of JSC "Slovianski Wallpaper – KFTP". Table 2.3 contains data about change of operating expenses for three last years.

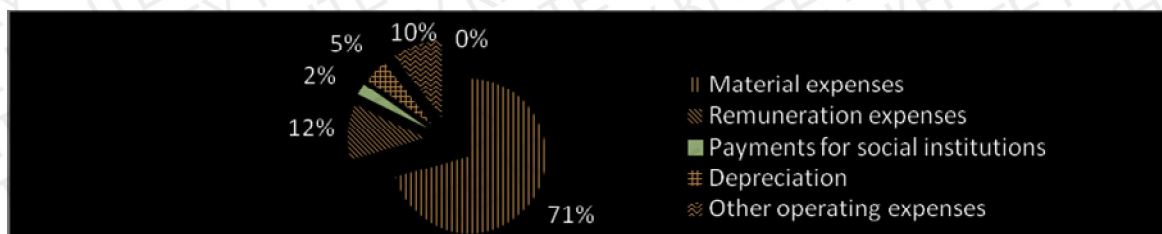
*Table 2.3*

**Dynamics of change of operating expenses of JSC "Slovianski Wallpaper – KFTP" for 2015-2017**

Indicators	2015	2016	2017	Deviation <sub>1</sub>	Deviation <sub>2</sub>
Material expenses	966775	989521	993002	22746	3481
Remuneration costs	93403	110453	160927	17050	50474
Payments for social institutions	32027	22533	34026	-9494	11493
Depreciation	83108	64628	71244	-18480	6616
Other operating expenses	472070	482964	146751	10894	-336213
Total	1647383	1670099	1405950	22716	-264149

*Source: Own elaboration based on statistic data of JSC "Slovianski Wallpaper – KFTP"*

Based on data of table 2.3 we can state that total operating expenses decreased in 2017. Figure 2.1 reveals the structure of operating expenses in 2017.



**Fig. 2.1** The structure of operating expenses in the enterprise in 2017

*Source: Own elaboration based on statistic data of JSC "Slovianski Wallpaper – KFTP"*

The main components of total operating expenses are material expenses and remuneration costs that have a positive dynamics in analyzed period due to ongoing increasing exchange rate and minimum salary established by government. The bulk of material resources are bought from foreign companies, so exchange rate changes play a crucial role in setting cost of goods sold. Increasing remuneration costs caused by inflation and consequently, increasing of salary and wage level.

Thus, we can state that macroeconomic factors are driving force in such changes. Managers of the enterprise should pay attention to finding the ways aimed to decrease level of operating expenses.

On the next step of our research we will undertake the analysis of production and sales volume for the last 3 years using the data represented in table 2.4.

*Table 2.4*

**Volume of production and sales of wallpapers in JSC “Slovyanski Wallpaper– KFTP” for 2015-2017 years**

№	Year	Production volume			Sales volume		
		in natural units	in cash units, ths.uah	in percentage of all manufactured goods	in natural units	in cash units, ths. uah	in percentage of all manufactured goods
1	2015	39245	1392389	99	41532	1399150	99
2	2016	28534	1060734	99	28757	1039742	99
3	2017	26786	1009237	97	27559	1018424	97

*Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”*

Analyzing the data of table 2.3 we can state the following:

- a) during analyzed period volume of sales exceeds production volume in natural units. This fact certifies that the company performs sale from its inventories;
- b) we can observe negative tendency in sale volume from year to year. So, in 2015 the company sold 41532 units of wallpapers, in 2016 – 28757 units, and in 2017 – 27559 units.

To sum up, in 2017 sales of wallpapers decreased at 33,6% compared to 2015. As a result, we can see negative score of net profit caused by reduction of sales level.

For production management the value of cost of goods sold is decisive, because it enables to define where it is possibly to reduce certain types of costs and run them effectively.

Appendix J.1 reveals the structure of cost of goods sold in 2017. The structure of cost of goods sold is practically unchanged from year to year. The main items of cost of goods sold are raw materials and total production costs. In 2015-2016 raw materials were equal to 80%, total production costs totaled 8%.

Appendix J.2 contains the data about sale price of different wallpapers types on the territory of Ukraine during the analyzing period. We can observe increasing of sale price during last three years. The increasing of raw materials price was the main reason of the sales price changes. The most expensive in the assortment of wallpapers are hot stamping wallpapers, because for its production the special technology of manufacturing and more resource costs are required.

The next of our research will be analysis of the dynamics of wallpapers sales, for its implementation we will use the data presented in figure 2.1. that reveals the dynamics of wallpapers sales in 2017 in total volume and sales of wallpapers abroad.

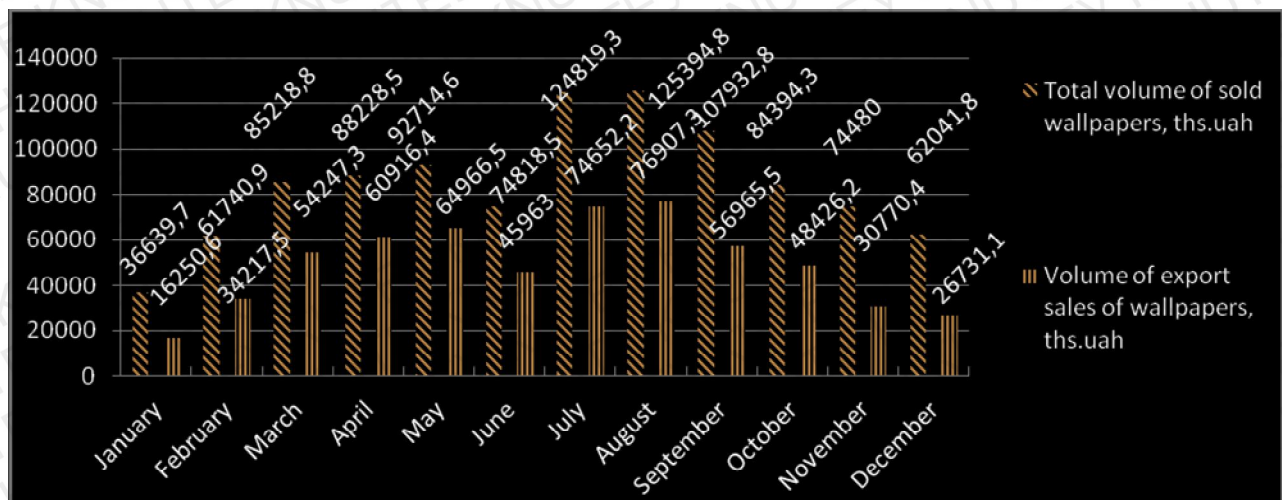


Fig. 2.2 Dynamics of total and export volume sales of wallpapers in 2017  
 Source: Own elaboration based on statistic data of JSC "Slovyanski Wallpaper – KFTP"

We can make conclusion that there is a clear seasonality of wallpapers sales. This is due to the specifics of consumers' demand on this type of goods. We can

confidently constant that in the warm months of the year the demand for this type of goods increases due to carrying out of repair works in dwellings.

Analyzing data we can also make conclusion about export-oriented activity of the enterprise. The chart reveals that most of the products are sold overseas. Total sales volume in 2017 totaled 1018424 ths. uah, and abroad sales volume was 631698 ths. uah and it is 62% of total sale. In recent years the average share of export of the enterprise is approximately 60-65%.

The next step of our analysis is to find out exactly what kinds of wallpapers are used in greater demand and sales of which makes it possible to obtain better incomes for the enterprise.

For this research we will use the methodology of ABC analysis, which introduced in appendix K. After carrying out ABC analysis we can make the next conclusions about obtained results:

1. The bulk of enterprises sales – 80% mostly is defined by sales of such collections as Le Grand Platinum, Le Grand Diamond, Le Grand Gold, V.I.P. Class, V.I.P. Class Plus, Office Style. As we can see such collections are expensive.
2. Medium level of sales – 15% the enterprise gains from sale such collections as Air Wall, Comfort Plus, Expromt, Elegance.
3. The minority of sales level – 5% determined by the sales of such collections as Harmony, Colorit, Comfort Plus, Garant, Venice, Gracia.

By production technology wallpapers from the category A are vinyl wallpapers based on flizelin, hot stamping vinyl wallpapers. The category B includes wallpapers of such production technology as vinyl wallpapers, acrylic wallpapers. The category C includes wallpapers of such production technology as washable, duplex, corrugated wallpapers.

Summing up, we can conclude that the expensive wallpapers have the great demand. The sale of this kind of wallpapers is the enterprise priority.

Moreover, having carried out this analysis gives us the opportunity to understand that the enterprise foolishly focuses on consumer inquiries and market

trends. Buying the cheapest wallpaper products for the customer is not very rationally. Renovations in houses is always process which requires a lot of time and financial resources. Therefore, from the standpoint of customers' benefits, it is becoming properly clear the fact that purchasing expensive but high quality wallpapers which will serve longer period of time is more beneficially than purchasing average quality level wallpapers.

Thus, we can generalize that the economic activity of JSC "Slovyanski Wallpaper – KFTP" is profitable which reflects general economic efficiency.

However, it is worth considering the main reasons obtained results.

The main reason of decreased level of sales is a significant loss of sales market in Russia that consequently is the major cause for financial indicators deterioration at JSC "Slovyanski Wallpaper – KFTP".

Changes in political area, which happened in recent times adversely affected at the enterprise activity. Russia was a major trading partner of JSC "Slovyanski Wallpaper – KFTP" averaging 60-70% of wallpapers sales carried out to Russia.

Due to clear reasons the enterprise cannot change geopolitical today's state in Europe, so it remains to carry out ongoing changes in management of activity, taking into account those challenges that today's economy brings to the enterprise.

In 2017 the enterprise expanded sphere of its activity, so the wood processing department was built and began its functioning. Such department is engaged in wood processing, timber harvesting.

Any entrepreneurial activity requires initial investments for its development and time that determines the payback period of the investments. Obviously, the expansion of activity and carrying out the capital investments causes changes in overall state of the enterprise, because of redistribution of equity, current and non-current assets.

Based on this, we can observe indicators which enable to make conclusions about fixed assets. The increase in value of fixed assets in 2017 was caused at the expense of capital investment in the construction of new wood department that had

led to increase the replacement factor of fixed assets, capital ratio, the main reason of which was purchasing new equipment for newly created department.

Undoubtedly, in order to improve the results of production and trading activity of JSC “Slovyanski Wallpaper – KFTP” additional managerial measures must be executed.

Hence, the general characteristics of the production and trading activity of JSC “Slovyanski Wallpaper – KFTP” was fulfilled.

The parameters describing efficiency of production activity of the enterprise were revealed and analyzed, namely the indicators describing the fixed assets, indexes of profitability of products, activity in general.

We have provided the characteristics features of organization trade activity, indicated the specifics of sales of wallpapers, figured out the range of wallpapers, using ABC analysis we specified which wallpaper collections are the most profitable, clarified how the distribution network organized in JSC “Slovyanski Wallpaper – KFTP”, discovered the markets of wallpapers sales and found out the trade development strategy of the enterprise.

For modern managers in decision making it is necessarily to understand the impact of those or other factors, be able to predict the possibility of their occurrence, implementing efficient management measures.

In the constantly changing conditions for running business, in the process of expansion activity, production of new goods or search for new markets for distribution, the one of the main problem which the enterprise will encounter is finding factors that have the greatest impact on results of enterprise activity.

A clear understanding of these factors is important at all levels of management hierarchy, particularly at the top level of management for directing the overall business strategy.

Revealing of priority factors helps to concentrate attention on measures that will bring benefits to the enterprise, and, therefore, to increase net profit.

Thus, identifying the factors that play a crucial role in the production and trading activity of JSC “Slovianski Wallpaper – KFTP” and its analysis according to various management and economic methodologies and tools will be our next task.

## **2.2 Factor analysis of industrial and trading activity of the enterprise**

Today’s companies run their businesses in environment that is changing faster than ever before. This has become a real challenge for managers. In a process of analyzing the consequences of these changes and defining the way how the company reacts to them reflected in company’s business strategy.

Initial part of the factor analysis is in decision making process is, firstly, analyzing the organizations external environment, secondly, evaluation the company’s internal capabilities and how well and quickly it can react on external forces, thirdly, definition and outline of organizations strategy, and the last step is implementation of chosen strategy.

All organizations need to identify external driving forces that could have impact on their activity. Many of them are factors that the organization has no control over, but the likelihood of their occurring and possible implications of which must be clear understandable for decision making activity and management measures undertaking.

The well-known tool for identifying the external factors is the PEST analysis, which used to consider political, economic, social and technological factors. With help of this analysis we will simply identify as much factors as possible and evaluate their impact on the business activity of JSC “Slovianski Wallpaper – KFTP”.

The PEST factors in conjunction with micro-environmental factors and internal driving forces can be submitted as SWOT analysis which we will carry out in the next part of our research.

Methodology of this analysis consists of the set of following steps such as identifying factors, rate them according to their influence on the company’s activity, evaluate state of the factors, character of the factor influence, degree of influence of



such factors, consider possible management measures aimed to eliminate their negative impact (if factors have negative value of its impact) and enforce it in the case when factors have positive impact and ultimately consider implications of undertaken measures. Methodology of this analysis is submitted in appendix L.

So, we consider starting analysis from the identifying political factors. We confidently can say that such factors as government stability, taxation system, trade restrictions, inflation rate, exchange rates have a significant impact on implementation of production and trading activity of JSC “Slovyanski Wallpaper – KFTP”.

Next step is overview and analysis of economic factors. We defined that such factors as inflation rate, interest rates, stability of the bank sector, taxes rates, trading regulations, and exchange rates have a significant impact at the enterprise activity.

As we know rising inflation level and decreasing of real buying funds of the population will cause changes in price policy of the enterprise and the purchasing power of customers. Thus, using official data of the State Statistics Service of Ukraine we can find that inflation level in 2017 totaled 114,4% compared to previous 2016 year, in 2016 such indicator was 113,89% [16].

Should be noted that such changes have negative impact in carrying out domestic trade but in the same time it could bring additional benefits in carrying out foreign trade that is associated with increasing exchange rates.

Social factors are need to be defined as those that helping to understand consumers behavior and their demand on certain goods and services accordingly to different issues. Thus, such factors include demographics, employment level, social responsibility of the enterprise, image of the company.

The last branch of considered factors is technological factors. These factors in our opinion are a driving force in assessing technological parameters that could have a crucial role in operational management and consequently long-term activity of the enterprise. Company monitors the new tendencies in technologies and buys quality equipment for production lines.

The 21<sup>st</sup> century is the time of technology and information. The changes in technological world are becoming more rapid than ever before and it makes the market players play according to these changes and accept these challenges. Technological advances give company the greater opportunity to choose how better to manage its operational cycle. Modern software and hardware enables to ensure management with the accurate and timely data for decision making. We defined that such factors as effective control quality system, elimination of bottlenecks, production efficiency are the most important for analyzed enterprise.

Hence, we can say that the most important factors for management of industrial and trading activity of JSC “Slovyanski Wallpaper – KFTP” are economic and political factors.

Factor analysis of profitability indices is important for the enterprise and enables to recognize such factors that have the most significant influence.

Along with the assessment of the main indicators of profitability it is necessary to assess the profitability of activity which is one of the most important aspects of profitability analysis. Thus, we calculate the profitability of activity and fulfill its factor analysis.

The most influential factors of this change are the cost of products and product prices changes. It is understandable that the cost of products reflects the level of costs incurred in its production. It is should be noted that the price of raw materials and labor means is significantly affected by its increasing. The final price includes these changes.

Therefore we estimate the influence of factors on the profitability of sales in the calculations given in appendix M.1. We can see that during the reporting period profitability of sales volume decreased on 7,37 %.

This indicator influenced by proceeds from sales and cost of products. The next step we should do is to define the impact of these factors on the profitability of sales. Consider the method of impact factors using the method of absolute differences.

Thus, we will receive the next calculations:

1) regarding the increasing proceeds from sales:

$$\Delta P(\Delta PS) = \frac{PS_{2017} - C_{2016}}{PS_{2017}} - \frac{PS_{2016} - C_{2016}}{PS_{2016}} \times 100\% = \frac{1258436 - 903095}{1258436} - \frac{1191516 - 903095}{1191516} \times 100\% = 4,03\%$$

Thus, due to increase of proceeds from sales the profitability of sales volume increased by 4,03%.

2) regarding the increasing of cost of goods sold:

$$\Delta P(\Delta C) = \frac{PS_{2017} - C_{2017}}{PS_{2017}} - \frac{PS_{2017} - C_{2016}}{PS_{2017}} \times 100\% = \frac{1258436 - 1046486}{1258436} - \frac{1258436 - 903095}{1258436} \times 100\% = -11,4\%$$

Thus, taking into account mentioned above calculations we can state that by increasing of cost goods sold the sales profitability decreased by 11,4%, hence such factor is more influential.

The next step of analysis is the factor analysis of return on assets.

Taking into account the fact that namely trade activity is able to convert material goods into money, we have decided to perform additional analysis of the impact of factors on the return on assets in terms of turnover using the model DuPont system of analysis.

Analyzing data which represented in appendix M.2 we can see that indicators of turnover, cost of revenue and average assets have a positive deviation. However, in the same time we can state that the enterprise has problems concerning with decreasing of net income, return on assets, turnover profitability level.

We can observe that return on assets value decreased at 9,43% in 2017.

Based on data submitted in this table we can make next calculations and define the degree of influence of return on turnover and asset turnover ratio on return on assets.

Thus, we will receive the next calculations:

a) regarding the decreasing return on turnover:

$$\Delta R_a(\Delta R_{TO}) = (R_{TO2017} - R_{TO2016}) \times ATR_{2017} = (18,58\% - 9,87\%) \times 0,98 = -8,54\%.$$

b) regarding the decreasing of asset turnover ratio:

$$\Delta R_a(\Delta T_a) = R_{TO2017} \times (ATR_{2017} - ATR_{2016}) = 9,87\% \times (0,89 - 0,98) = -0,89\%.$$

Estimates reveal that by decreasing return on turnover by 8,71%, the return on assets decreased by 8,54%, furthermore, at the expense of reduction of asset turnover coefficient for 0,09 return on assets decreased by 0,89%.

Thus, we found out that return on turnover has a more significant influence on the return on assets.

Hence, in this section we have identified factors that have the greatest impact on activity of JSC “Slovyanski Wallpaper – KFTP”. Using PEST analysis it was revealed that the greatest influence on business activity of JSC “Slovyanski Wallpaper – KFTP” have political and economic factors.

According to DuPont methodology the factors having a significant impact on the profitability of turnover were described, factor analysis of profitability of activity was carried out, however we found that the greatest impact on this indicate have such factors as the cost of goods sold and net income margin.

To have a clear understanding how the factors impact on the enterprise functioning is a guarantee of timely and effective management decision making. The efficiency of adopted managerial decisions reflects the general state of the enterprise, namely its production and trading activity. It causes the need to assess the efficiency of the management of production and trading activity of the enterprise, which is the main objective of the next matter of our paper.

### **2.3 Estimation of effectiveness of management of industrial and trading activity of the enterprise**

Every operational business unit strives to carry out its activities effectively. The concept of efficiency characterizes the outcome which the company has when a particular cycle operations (production, managerial) is carried out.

The first thing that needs to be said is the effectiveness of management of production and trading activity is multifaceted notion and cannot be defined only by one chosen criterion. Therefore, to carry out an assessment of the effectiveness of production and trading activity of JSC “Slovyanski Wallpaper – KFTP” we will use multiple criteria and approaches.

Nowadays, there are many approaches for determining the effectiveness of management, but the following are the main ones:

- technical efficiency means that the results and costs are measured in natural-physical form (the number of manufactured goods, the amount of energy resources consumed for a certain period of time);
- economic efficiency means that the results and costs are estimated in value and comparative form (income, profit, level of expenses, profitability);
- socio-economic efficiency means the social consequences of a particular solution (safety at the workplace, charitable work of the enterprise, responsibility towards consumers, suppliers, government) [ 19, p. 31].

The main purpose of any commercial activity is to maximize its profit. Profit is the economic value that gives a numerical description of the economic activities of the enterprise but does not enable to make a conclusion about the efficiency of the management of organization.

Profitability indices are more informative than profit and they reveal major characteristics of the effective management activity. Table 2.5 enables to make brief overview of activity of JSC “Slovyanski Wallpaper – KFTP”.

*Table 2.5*

**Profitability indicators of JSC “Slovyanski Wallpaper – KFTP” for 2015-2017 years**

Indicator	Year, ths.uah			Absolute deviation, ths.uah		Relative deviation,%	
	2015	2016	2017	2016	2017	2016	2017
Return on assets, %	17,8	14,8	7,17	-3	-7,63	-16,9	-51,5
Return on equity, %	19,3	15,5	7,8	-3,8	-7,7	-19,7	-49,7
Return on products, %	17,1	20	9,73	2,9	-10,27	16,9	-51,35
Return on activity, %	12,59	15,16	8,1	2,57	-7,06	20,4	-46,6

*Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFT”*

We can state that all profitability indicators have increased in 2017. So, return on assets value in 2017 was equal 7,17% compared to previous year this indicator was reduced at 51,5%. Return on equity value totaled 7,8% in 2017, compared to previous year value it was decreased at 49,7%. The main reason of such situation was that the large number of equity was invested in construction of the new department dealing with wood processing. It triggered negative change of such indicators.

Concerning to return on products we can observe that in 2017 value of such index reduced at 51,35% compared to 2016 year. Return on activity reflects negative tendency as well. Value of such index in 2017 totaled 8,1% that is lower at 46,6% compared to value in 2016 year.

In accordance with today's political situation in Ukraine JSC "Slovianski Wallpaper – KFTP" suspended business relationships with russian companies.

Nowadays, it caused the decreasing of net income value that we can observe using financial statements. Meanwhile management of the enterprise works on expanding markets for its activity.

The next yardstick for assessment of efficiency of management of production and trading activity is level of remuneration at the enterprise. JSC "Slovianski Wallpaper – KFTP" is the biggest enterprise in Koryukivskiyi district, and it can suggest the higher level of remuneration than any other. Average salary at the enterprise in 2017 year totaled 15874,4 uah.

To sum up, need to be said that organizational efficiency of management of production and trading activity is achieved by daily persistent operations and aimed to achieve the best results in its financial efficiency, cost efficiency, recourse efficiency, process efficiency, operational efficiency, distributive efficiency.

In any rate, to state that only quantitative characteristics give the deep understanding of management of the enterprise is a false statement.

Efficiency of the management of industrial and trading activity, in the broadest sense, reveals the overall competitiveness of the enterprise and competitiveness of its manufactured goods.

Competitiveness of the enterprise dealing with industrial and trading activity determined as a generalized assessment of its competitive advantages accordingly to formation of resource potential, quality of satisfaction of consumer demand, efficiency of functioning of the economic system [24].

Competitiveness of the enterprise is specified as a long-term enterprise objective and refers to using effective strategic tools.

Competitiveness of goods is more flexible and fast changing indicator. It should be emphasized that competitiveness of goods originates from quality of raw materials, equipment and production lines.

Assessing the efficiency of production and trading activity at investigated enterprise and its competitiveness we will use such management tool known as SWOT analysis. SWOT analysis is submitted in table 2.6.

Table 2.6

### SWOT analysis

<b>Internal environment</b>	<b>Strengths</b>	<b>Weakness</b>
	1) effective products quality system 2) good reputation 3) modern production technologies 4) organized distribution network 5) flexible management policy 6) flexible price policy 7) carrying out activities at the expense of own capital	1) the lack of the high-qualified staff 2) decreasing of profitability 3) dependence from raw materials suppliers 4) inefficient inventory management 5) inefficient utilization of waste products
<b>External environment</b>	<b>Opportunities</b>	<b>Threats</b>
	1) expansion of the range produced goods 2) access to new markets 3) expansion of the new spheres of activity 4) ability to quickly respond to external forces due to great quantity of own capital 5) effective organization of recycling of waste products	1) increasing of raw material prices 2) loss of russian sales market 3) reduction of wallpaper demand volume 4) increased competitive pressure 5) losses due to currency fluctuations 6) the instability of national currency 7) bankruptcy

Source: Own elaboration

In the process of defining all components we can conclude that JSC “Slovyanski Wallpaper – KFTP” has great comparative advantages in contrast to its main competitors.

The modern business environment dictates its rules and conditions and puts the new challenges for enterprises. In today’s conditions it is clearly understandable that to produce quality products at right time, at right place, at right price is already not enough for modern demanding consumers.

Social responsibility of the enterprise has become an initial yardstick for assessment efficiency of management activity.

The company's social responsibility has a ramified nature. The company implements social responsibility can be specified towards customers, government, suppliers, business partners etc. The enterprise is releasing quality wallpapers, establishes affordable prices taking into account population income level.

JSC "Slovianski Wallpaper – KFTP" has a wide range of competitive advantages due to the high level of social responsibility.

Very significant indicator for the enterprise is its charitable activity. In 2004 charitable fund "Slovianskyi" was established by own capital of the enterprise. The main goals of its functioning are financial help for people who have cancerous diseases, supporting talented children and young people in the district area, purchasing new equipment in local hospital, schools, children gardens.

It is worth considering that the enterprise is a key investor in Koryukivskiyi district. The enterprise has in its property arsenal hotel-touristic complex called "Brech", where a lot of tourists from all regions of Ukraine and even abroad come to visit this complex.

On the basis mentioned above we can conclude that management of production and trading activity at JSC "Slovianski Wallpaper – KFTP" is performed satisfactorily, still the business activity is profitable, but in the same time the enterprise has a number of problems, elimination of which requires the management activity at the enterprise to be improved.



**PART 3**  
**JUSTIFICATION OF PROPOSALS FOR IMPROVING THE**  
**MANAGEMENT OF INDUSTRIAL AND TRADING ACTIVITY IN**  
**JSC “SLOVYANSKI WALLPAPER – KFTP”**

**3.1 Priority directions of improvement the management of industrial and trading activity of the enterprise**

Carrying out a detailed financial and factor analysis of the industrial and trading activity of JSC “Slovyanski Wallpaper – KFTP”, identifying factors of internal and external environment that have crucial impact on effective functioning of the enterprise is the basis for specifying variants of managerial decisions on the results of analysis and directions of improvement of industrial and trading activity in the enterprise and its further development.

Analyzing the current state of the enterprise, we can say obviously that it is necessary to make appropriate managerial measures aimed to improve the efficiency of industrial and trading activity in JSC “Slovyanski Wallpaper – KFTP”.

The main priority directions for improvement of industrial and trading activity of JSC “Slovyanski Wallpaper – KFTP” can be defined in the sphere of production as reduction of total operating expenses (connected with production process and after production operations), reduction inventory level in warehouses, searching the ways for optimization expenses in account of own resources and existing capabilities.

Additional attention should be paid to definition to level of inventories. Based on balance sheets for analyzed period we can state that inventory level is increasing which means that the enterprise spends money for keeping such inventories in warehouses and does not gain profit. It would be reasonable for enterprise to use production inventories in the production process completely that can help to minimize expenses for their storage.

It would be advisable for the enterprise to fulfill detailed pre-production evaluation of demand on defined wallpaper collections. We consider that for this implementation would be more effective not only to send mailing with new wallpaper designs but also hold a poll about desirable amount of wallpaper rolls. In order to encourage sales for loyal customers the additional discount system can be applied.

Managers of Trade House of JSC “Slovyanski Wallpaper – KFTP” should carry out daily monitor of execution of duties by contractors. Unscrupulous clients must be deprived of any price preferences and transferred solely by 100% prepayment.

As a result reduction of inventories rate will increase the turnover rate of circulating assets, as well as reduce administrative expenses.

The main priority directions for improvement of industrial and trading activity of JSC “Slovyanski Wallpaper – KFTP” can be defined in the sphere of trading activity as an expansion of sale markets, establishment business relations with new countries, namely Lebanon, Mongolia, China, USA and stimulation sales of products in domestic market.

We consider that in those uncertain geopolitical conditions in order to compensate loss of the main trade partner Russia managers deal with sale should work on expansion customer base in new countries, relocate sales and strengthen position of the enterprise in new markets.

Therefore, in this direction we can put forward a proposal to implement very active marketing measures, namely attending international exhibitions, set contacts with the representatives of new countries, to pursue the advertising campaigns.

In the modern conditions of functioning an important prerequisite of success of the enterprise is its ability to react quickly to market trends and adapt to them.

In the 21<sup>st</sup> century the subject of world energy crisis, recycling of production process have been crucial for modern society and business sector as well.

Effectively perform energy management measures, search new directions aimed to reduce negative impact on the environment are the key tasks and challenges for modern manufacturing enterprises.

Given current international trends in the production and producing ethics of running business, domestic enterprises should pay special attention to this issue. Unfortunately, recently Ukraine is considered and perceived as a raw appendage.

The positive direction aimed to preserve natural resources and stimulate wood processing within the country, recently actively stimulated by the government of Ukraine. In 2017 The Cabinet of Ministers of Ukraine adopted a national waste management strategy to 2030 year, developed by the Ministry of ecology and natural resources of Ukraine [3]. It is aimed to solve the problem of pollution and reduce economic dependence on natural resources.

As it was mentioned above the enterprise expanded its sphere of business activity. Based on strategic view this solution is absolutely justifiable, given difficult political situation that triggered the loss of the main business partner and consequently the bulk of purchases. Due to sufficient amount of own capital the enterprise can easily expand its activity profile, product range or provided services. Thus, the new wood processing department was built.

In order to improve the implementation of the production activity of JSC “Slovyanski Wallpaper – KFTP” it would be useful for managers of this enterprise to make a point to reduction of energy dependence from external resources, to hold a number of measures that would have a positive impact on reducing the cost of production, effectively use secondary raw materials in order to release more products and replace film on paper for wrapping rolls of wallpapers.

Particular attention of the enterprise should be paid to the wastes of wood. Nowadays business concerning to waste recycling is being popular, profitable and aimed to preserve the surrounding environment.

Thus, to increase the level of energy independence and to reduce the level of production costs that were caused by expansion of activity, it would be advisable for such enterprise to hold measures concerning to using waste of wood for producing pellets that means to execute non-waste production.

In our opinion the most reasonable vector of industrial and trading activity of JSC “Slovyanski Wallpaper – KFTP” is to direct efforts on reduction impact of

internal environment factors aimed to improve indicators of profitability of the enterprise. To fulfill these measures all possible internal resources need to be used.

We consider that company's efforts should be concentrated on the qualitative process of production with the least harm to the environment. Based on this thought enterprise should take into consideration the possibility of using all wood waste that is occurred in new department and use them in recycling process.

Producing waste wood and manufacture pellets the enterprise can get double advantage – from the one hand, pellets can be sold on inner and external market that gives an additional income, from the other hand – using pellets for own consumption (heating industrial premises and workshops) will cause the reduction operating expenses in account of reduction administrative expenses.

It is essentially for modern enterprises to occupy a new niche in related fields of activity that do not require large capital investments. Thus, in our opinion the enterprise should consider the possibility to implement pellets production using wood wastes in newly organized department, to use pellets for own needs of the enterprise in heating premises and also to organize a sale of pellets.

### **3.2 Predicted evaluation of the effectiveness of the proposed measures**

The mentioned above measures can have a socially-economic positive consequences for the enterprise. From the economic point of view it is expressed in increasing profitability of activity due to reduction of expenses, more effective use of current assets and improvement of sale activity. From the social point of view, implementing of waste recycling will cause reduction of negative impact on the environment.

In order to improve the formation and use of working capital in JSC “Slovyanski Wallpaper – KFTP”, we offer to improve the system of distribution of working capital according to the stages of the cycle and reduce the specific weight of inventories, finished products, receivables in its composition.

In order to minimize inventory level analysts of the enterprise who put the norms of inventories, should reduce their quantity. Using data of balance sheets we can see the growth of inventories in the dynamics during the analyzed period: in 2017 the cost of inventories totaled 378243 ths. uah exceeding this value in 2016 to 3392 ths. uah, which is a consequence of imperfect rationing of their quantity.

With this purpose we will analyze the target use of tangible current assets, comparing the actual and normative values of components of current assets for 2017 year. The data for this analysis is given in table 3.1.

*Table 3.1*

**Use of tangible current assets at JSC “Slovyanski Wallpaper – KFTP” in 2017  
year**

№	Type of inventories	Actual presence at the end of year	Standard at the end of the year	Deviation	
				above the normative size of inventory	non-complete standard
1	Production stocks				
1.1	Raw materials	192271	185462	6809	-
1.2	Purchasing semi-finished products and accessories	2891	2760	131	
1.3	Fuel	1614	1650	-	36
1.4	Tara and tare materials	37	40	-	3
1.5	Construction materials	2723	2685	38	-
1.6	Spare parts	20222	20200	22	-
Total for item 1		220951	213897	7093	39
2	Work in process	7634	6945	689	-
3	Finished goods	149658	139133	10525	-
Total inventories		378243	359975	18268	39

*Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”*

Summing up the data given in table 3.1, the enterprise has an overtime size of inventories in the amount of 18268 ths. uah. In addition, the company has a non-completed standard of 39 ths.uah.

In order to define the duration of one turnover and the return on current assets of JSC “Slovyanski Wallpaper– KFTP” in 2017 we will take into account the normative values and will use the next formula:

$$T_{CA_{st}} = \frac{T \times CA_{st}}{NI}, \quad (3.1)$$

де  $T_{CA_{st}}$  – duration of turnover of current assets in accordance with the standard ,

$T$  – period,

$CA_{st}$  – current assets according to the standard,

$NI$  – net income.

Substituting remaining the value by standard in formula 3. 1, we will define duration of one turnover of current assets.

$$T_{CA_{st}} = \frac{360 \times 359975}{1258436} = 103 \text{ days.}$$

The next step of analysis we calculate return on current assets taking into account the standard using formula:

$$R_{CA_{st}} = \frac{NP}{CA_n} \times 100\%, \quad (3.2)$$

де  $R_{CA_{st}}$  – return on current assets according to the standard,

$NP$  – net profit,

$CA_{st}$  – current assets according to the standard.

Substituting remaining the value by standard in formula 3.2, we can determine return on current assets.

$$R_{CA_{st}} = \frac{101840}{359975} \times 100\% \equiv 28,3\%$$

The completed analysis testifies that the reduction of inventories at 18268 ths. uah. will trigger acceleration the turnover of current assets up to 103 days and increase return on current assets up to 28,3%, which in 2,5 times more than the actual value in 2017: return on current assets in 2017 totaled 9,75%, the duration of one turnover of current assets – 297 days. The indicators of turnover and efficiency of the use of current assets of JSC “Slovjanski Wallpaper – KFTP” for 2015-2017 years are submitted in appendix N.

Application of the method of analysis at the enterprise will help to increase the efficiency of using working capital and efficiency of the enterprise in general.

On the next step we will consider the efficiency of another our proposal. So, taking into account such fact that new wood processing department started to operate we consider that more beneficial for enterprise would be focus on this sphere and put proposals concerning to improvement its functioning in the beginning of activity.

Therefore, we would like to focus our attention on the more expedient innovation and proposal, and make calculations if it is profitably for the enterprise to organize the production of pellets. In order to make final conclusions and recommendations we need to calculate the approximate budget of expenses and obtained income, define economic effect and indicators of stability of project.

Considering the manufactures of the necessary equipment for the production of pellets, it is possible to conclude that it is more advantageous to purchase separate parts of production line than buying the whole production line in certain manufacturer.

The process of production of pellets includes the next stages is a large crushing of wood material, drying obtained particles, shallow crushing of semi-finished materials, water treatment, cooling, packing.

In the first year the main expenses will be for purchasing appropriate equipment. In order to start functioning of this operation activity the following equipment will be needed. We will consider average prices from manufacturers.

So, the device for crushing cod – 90000 uah; the device for sorting – 56000 uah; drum dryer –180000 uah; the matrix press – 750000 uah; loader for transporting raw material – 160000 uah; installation and pre-commisioning works – 164000 uah. Total costs for the purchase of equipment will be 1400000 uah.

We can calculate economic effect – profit of such production:

$$P = Inc - TC, \quad (3.3)$$

where  $P$  – profit,

$Inc$  – income,

$TC$  – total costs.

So, we can gain the result:  $P = 12600000 - 8942240 = 3657760$ uah.

On the next step we will calculate effectiveness of such proposed measure performing calculation of relative indicator such as return on products that is expected to obtain in the first year of functioning using the next formula:

$$R_{pr} = \frac{\text{profit}}{\text{cost of goods sold}} \times 100\% \quad (3.4)$$

$$R_{pr} = \frac{3657760}{8942240} \times 100\% = 41\%.$$

Hence, as we can state that production of pellets is effective event and that will help to increase return on products at the enterprise at 41%. In order to evaluate deeply the effectiveness of this investment project we will calculate such indicator as NPV (net present value) accepting that we will expect return on investment in 5 years. Discounting rate will be accept at 14% as an average rate of long-term bank loan for legal entities. Next 4 years we will accept that enterprise will gain equal quantity of net cash flow that is 4057860 uah.

Evaluation of effectiveness and risk is based on the system of indicators that characterize financial result of project. In order to define the effectiveness of this project the net present value need to be defined using the next formula:

$$NPV = \sum_{i=1}^n \frac{Net\ CF_i}{(1+r)^i} - Invest, \quad (3.5)$$

where Net CF – net cash flow;

r – discounting rate;

n – quantity of years.

$$NPV = \frac{3657760}{(1+0,14)^1} + \frac{4057860}{(1+0,14)^2} + \frac{4057860}{(1+0,14)^3} + \frac{4057860}{(1+0,14)^4} + \frac{4057860}{(1+0,14)^5} - 14000000 = 12179997\ uah.$$

Thus,  $NPV > 0$ , thus the project is profitable and need to be considered at the enterprise. On the next step we will calculate profitability index (PI) with the help of following formula:

$$PI = \frac{\sum_{i=1}^n \frac{Net\ CF_i}{(1+r)^i}}{Invest} \quad (3.6)$$



$$PI = \frac{1746665}{1400000} = 1,25.$$

Such indicator has direct dependency with NPV, if NPV >0, then PI >1 and it means that project is profitable.

Accounting rate of return reveals how much net cash flow or profit will be obtained from 1uah invested in such project. We will calculate this indicator using the next formula:

$$ARR = \frac{\sum_{i=1}^n \frac{Net\ CF}{n}}{Invest} \quad (3.7)$$

$$ARR = \frac{\frac{19889200}{5}}{1400000} = 2,84.$$

We can state that profit from 1uah that was invested will total 2,84 uah. On the next step we should define how much time our investments will give payback, for this we will define payback period (PP) of this project using the next formula:

$$PP = \frac{Invest \times n}{\sum_{i=1}^n \frac{Net\ CF_i}{(1+r)^i}} \quad (3.8)$$

$$PP = \frac{1400000 \times 5}{13579997} = 0,5\ year.$$

We can say that high score of such indicator is defined of such factor that enterprise has own raw materials to start such production and own premises that reduces a lot of initial financial funds.

Consequently, fulfilled above calculations indicate that the proposed project is profitable and enable to maximize profit with the help waste products from wood processing, namely rate of return on products, NPV, profitability index, accounting rate of return, payback period testify about effectiveness of such measure.

Additional advantage of such project is opportunity to use such products for heating own premises that consequently will reduce total operating costs.

Summing up, we can conclude that proposed measures can be considered at the enterprise and applied for practical implementation.

## CONCLUSIONS AND PROPOSALS

In modern conditions of market functioning for production and trade enterprises a primary task is not only to increase of profitability level, maximization of profit, but also increase of competitiveness level taking into account modern environmental aspects of the production process and enhancing the role of business social responsibility.

This paper is devoted to study the management of industrial and trading activity of the enterprise, its theoretical aspects were researched from scientific works of domestic and foreign scholars and practical aspects were investigated in JSC “Slovyanski Wallpaper – KFTP”.

General scientific theoretical and practical conclusions are following:

1. System research the concept of management of industrial and trading activity of the enterprise confirmed the absence of the common opinion on its definition in economic literature. The analysis of the scientific approaches of different economists regarding the clarification of the management of industrial and trading activity enabled to disclose the economic essence of this notion and define its purpose and tasks.

As a result of research of theoretical aspects of the management of industrial and trading activity definition of management of industrial and trading activity was given.

2. It was specified the content of the main stages of management of industrial and trading activity and found out that management of industrial and trading activity encompasses all industrial and trade operations that determine the cycle of various stages from obtaining raw materials, production resources, equipment for manufacturing to gaining the profit from selling products.

3. Methods for assessment the effectiveness of management of industrial and trading activity of the enterprise were characterized, advantages and disadvantages of the main of them were represented. It was found out that management of industrial and trading activity is comprehensive by its nature and cannot be evaluated only with

the help of one type of methodology. In order to evaluate the efficiency of management necessary to use comprehensively such methods as: economic and statistical analysis, factor analysis, methods for assessing the internal and external environment, methods of strategic positioning.

4. General characteristics of industrial and trading activity of JSC “Slovianski Wallpaper – KFTP” was performed.

The following conclusions about overall state and industrial and trading activity of the enterprise can be made:

- in 2017 the level of profitability indices was decreased, so return on activity decreased at 46,6% compared to 2016 year, return on products decreased at 51,35% compared to 2016 year;
- negative tendency changes of sale volume in natural units is observed, since 2015 it was decreased at 33,6%, in 2015 sale volume in natural units totaled 41532, in 2016 – 28757, in 2017 – 27559;
- expensive wallpaper collections have greater demand and they make up the basis of turnover of the enterprise.

5. Factor analysis was executed. It was clarified that the most influential factors on return of sales are proceeds from sales, cost of goods sold. The most influential factors on return on assets were specified as return on turnover and asset turnover ratio. With the help of PEST analysis it was found out impact of each group of factors and revealed that the most influential are political and economic factors.

6. Evaluation of the efficiency of management of industrial and trading activity at JSC “Slovianski Wallpaper – KFTP” was fulfilled comprehensively and revealed that business activity is profitable; company has large number of equity that enables to expand its activity in closely related spheres; due to high level of remuneration, social responsibility, charity activity we can state that JSC “Slovianski Wallpaper – KFTP” has a large competitive advantages compared to other companies dealing in the same sphere but in the same time the company has certain problems that require to take managerial measures.

7. Priority directions of improvement of industrial and trading activity were clarified. The main priority directions for improvement of industrial and trading activity of JSC “Slovianski Wallpaper – KFTP” was defined as an expansion of sale markets, establishment business relations with new countries, namely Lebanon, Mongolia, China, USA and stimulation sales of products in domestic market, reduction of total operating expenses (connected with production process and after production operations), reduction inventory level in warehouses, searching the ways for optimization expenses in account of own resources and existing capabilities.

It was offered to optimize inventories level to standard at the enterprise, start to produce pellets from wood waste that remain from wood processing processes.

8. Predicted evaluation of the effectiveness of proposed measures according to production of pellets was accomplished. Improving inventory management policy to appropriate standards at the enterprise will accelerate the turnover of current assets up 103 days, and this in turn will raise return on current assets.

Calculations enable to make conclusions that the proposed production of pellets is profitable, has a positive and high score of indicators, namely net present value totaled 12179,997 ths. uah, profitability index is 1,25, accounting rate of return is 2,84, return on products is 41% that will increase general return on products at the enterprise, payback period is 0,5 year. Taking into account these indicators we can put proposal to implement such project at the enterprise.

Thus, we can state that the purpose of this paper is achieved.

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**ANALYSIS THE METHODS OF EFFICIENCY ASSESSMENT OF MANAGEMENT OF  
PRODUCTION AND TRADING ACTIVITY OF THE ENTERPRISE**

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*У статті наведено та проаналізовано визначення існуючих методів оцінки ефективності управління підприємством та зокрема ефективності управління виробничо-торгівельною діяльністю. Систематизовано та узагальнено основні методи оцінки ефективності управління виробничо-торгівельною діяльністю підприємства, запропоновано ключові методи оцінки ефективності управління на виробничо-торгівельних підприємствах.*

***Ключові слова:** підприємство, фактори, підходи до оцінки ефективності, ефективність, управління, соціальна відповідальність.*

*В статье приведены и проанализированы определения существующих методов оценки эффективности управления предприятием и в частности эффективности управления производственно-торговой деятельностью. Систематизированы и обобщены основные методы оценки эффективности управления производственно-торговой деятельностью предприятия, предложены ключевые методы оценки эффективности управления на производственно-торговых предприятиях.*

***Ключевые слова:** предприятия, факторы, подходы к оценке эффективности, эффективность, управление, социальная ответственность.*

*The article presents and analyzes the definition of existing methods for assessing the efficiency of enterprise management and, in particular, the effectiveness of management of production and trade activities. The main methods for evaluating the efficiency of management of production and trade activities of the enterprise are systematized and generalized, the key methods for assessing the efficiency of management at production and trading enterprises are proposed.*

***Keywords:** enterprise, factors, approaches to efficiency evaluating, efficiency, management, social reliability.*

**Actuality of the theme.** Ensuring efficiency of business activity is a one of the most important aspect of optimal functioning of the modern enterprises in a competitive market conditions. Efficiency is one of the main characteristics of enterprise management, which should be studied in detailed way. Ensuring efficiency is directly related to its evaluation. Evaluating of efficiency has an important place in the management system activity of the enterprise and it is an important component in the process of identifying problems at the enterprise, finding sources for their elimination, as well as defining strategic and tactical objectives for production and trading activity.

The procedure for assessing the effectiveness of enterprise activity raises the problem of choosing the method on the basis of which it should be carried out. Problems of the evaluation of the effectiveness of the management of the enterprise are devoted to the work of many domestic and foreign scientists such as Zubkov S., Dudukalo H., Grechuhin A., Grechko A., Baraban O., Kutsyk P., Aaker D., Porter M., Lamben Zh-Zh.

This paper should become the theoretical basis for carrying out an assessment of the efficiency of the production and trading activity at the enterprise, search possible directions for its

improvement and, as a consequence, adoption rational management decisions in the field of production and trade according to business activity, improvement of social responsibility of business entity as a leading aspect of exiting and functioning of economically stable business activity.

**Statement of the problem.** Nowadays there is no single approach to assessment the effectiveness of the two most important areas of enterprise – production and trade. This determines the importance of the problem of choosing a methodological tool for assessment the efficiency management of production and trade activity for every business entity. Each enterprise has its own specific features, thus the issue of improving the methods for assessment the management of enterprise production and trading activity remains to be open and flexible.

**Analysis of recent research and publications.** The researchment of the effectiveness of enterprise management is necessary in today's business environment. So, Dudukalo G.O. in her article gives a predominant role to financial indicators, such as profitability, net profit, the cost of the company as a performance indicators of the enterprise management [1]. Kabanov V.G. defines that an assessment of the effectiveness of an enterprise, as a rule, is based on analysis of various financial indicators such as net profit, profitability investments, market value of the enterprise [2]. Kutsyk P.O and Gerega G.F. on the basis of the thematic analysis, they conclude that «The criterion of profitability of total assets can objectively be considered the main instrument of the management system of domestic enterprises of trade» [3].

**Formulation of aims of the article.** The purpose of the article is to study and systematize the methodological tool for the assessment of the efficiency of the production and trading activity of the enterprise.

**Object of the article.** The object of research is the methods and criteria for assessing the effectiveness of management of production and trading activities at the enterprise.

**Tasks of the article.** In accordance with the stated purpose, the following tasks were solved in the paper:

- essence and role of the estimation of efficiency of production and trading activity are analyzed;
- the basic approaches to the estimation of the efficiency of the production activity of the modern industrial enterprise are investigated;
- key elements and relevant partial performance indicators are highlighted and social responsibility of business activity as a leading indicator of a business stable activity is defined;
- the main methods for assessing the efficiency of management at modern production and trading enterprises are proposed.

**The main results of the research.** Efficiency of business activity is determined by different ways. Efficiency in the most general sense is the ratio of the value of sold products (services) to their costs. The main task of managers is to get the best results at the optimal cost level. In an unstable economic situation, the ability to accurately assess the effectiveness of business activity, to identify the directions of its further development, to react quickly to factors of the external and internal environment becomes crucial for achieving the underlying goal of business – obtaining and maximizing profits. This raises the question of selecting a methodological tool for assessment the effectiveness of enterprise management.

For selecting a specific method for assessing the effectiveness of enterprise management, first of all, it is necessary to determine the criteria by which the obtained data will be analyzed. For example, the purpose of the analysis, the task of the analysis, the selected factors for analysis, the time interval of the analyzed periods, the number of evaluated indicators, the level of objectivity of the assessment, the reliability of information, the time for processing and analysis of information.

An important element of evaluation system of resource potential using is the chosen approach to evaluation. S.O. Zubkov highlights the following main approaches: resourceful, functional (structural), target, synergistic, benchmarking [4, p. 11].

Nowadays, there are many approaches to determining the effectiveness of management, but the following are the main ones:

- technical efficiency means that the results and costs are measured in natural-physical form (the number of manufactured goods, the amount of energy resources consumed for a certain period of time);
- economic efficiency means that the results and costs are estimated in value and comparative form (income, profit, level of expenses, profitability);
- socio-economic efficiency means the social consequences of a particular solution (safety at the workplace, charitable work of the enterprise, responsibility towards consumers, suppliers, government) [ 2, p.31].

Management is a category that cannot be measured quantitatively, for example, we cannot estimate the level of public confidence to the brand of the enterprise or the level of competitiveness of the enterprise. However, the components (in particular, financial and economic), which determine the effectiveness of management in different divisions of the enterprise, can be quantified (profitability indicators, coefficients of turnover, periods of turnover of various assets). Assessment of management as a complex concept is determined by a combination of all components and levels of management that are present at the enterprise.

Using annual financial data and financial reports of a company gives possibility to evaluate the results of economic activity, calculating different economic indicators that reflect «narrow places» and level of achieving of planned indicators at the enterprise. They serve as instrument for analyzing of current economic situation, for example, profits, profitability of sales of products, profitability of financial assets, profitability of the share capital, current liabilities.

Financial analysis gives possibility to obtain information about current situation and make forecast for future. There are different classifications of methods of financial analysis. Economic theory defines next economic and statistical methods: periodic analysis, structural analysis, trend analysis, analysis of relative indicators (coefficients), comparative analysis.

These methods allow us to assess the performance of an enterprise in terms of the structure of assets or liabilities, in the ratio of indicators of certain periods to determine the regularity of economic processes, as well as for comparability of indicators in the time interval. The use of methods of coefficient analysis gives the characteristics of a detailed analysis of each component of an asset or liability of a business enterprise (current assets, accounts payable).

Also factor analysis should be singled out separately as a method of evaluation of different variables on obtained results. It can represent which factors have more significant impact on final result, what economic situation should expect in future if continue chosen strategy in some direction of business activity. It is very important for business analysts to understand how to react in unpredictable situations, how to manage resources.

Factor analysis helps to determine the factors that most affect the performance of the enterprise. For example, factors that can be related to trade are the seasonality of sales, the income of the population, the price policy of the company, the positioning of the company and its products on the market and in the manufacturing such factors can be the price of raw materials, the frequency of its supply, the qualifications of workers, the working conditions of employees, etc. Nowadays factor analysis is widely used in management in business environment.

These methods of analyzing the economic results of an enterprise are the most common and are used in enterprises of all forms of economic activity.

In in the process of assessing the effectiveness of management at an enterprise, it should be taken into account that each legal business entity, regardless of ownership, is an open system and is influenced by factors of macro- and micro-environment.

In order to assess and plan the future of business development, it is necessary to analyze competitors, identify their weaknesses and strengths, and to make their own development strategy that maximally attracts its strengths and minimizes disadvantages. The most widely used methods are SWOT and PEST analysis. The first of them determines the strengths, weaknesses, opportunities and threats for a company, and the second determines the influence of factors of the environmental impact – political, economic, social, technological. The latter is used predominantly in transition economies (Ukraine), whereas in developed countries STEP analysis is used.

Separately, attention should be paid to developing a business strategy, whether the business has a long-term goal and what its mission is. Instruments for strategic business positioning is also often used to improve the efficiency of trading activity, in particular the McKinsey and Shell-DPM Matrix with the help of which it is possible to define a strategy in the market in different conditions of attractiveness of the market and competitiveness of the enterprise.

Efficiency of production activity of the enterprise is a indicator of efficiency which represents how labor and material, technical, technological and other resources are used. Indicators that measure the efficiency of using enterprise resources are:

- *profitability of assets;*
- *profitability of capital;*
- *profitability of operational activity.*

Indicators of the effectiveness of the use of labor resources are defined as the ratio of volume the realized product or turnover, or the effect in the form of profit, to the average number of employees or the amount of labor costs for all employees. The most important indicators of the effectiveness of use labor resources are [6, p. 22]:

- *production;*
- *complexity;*
- *performance.*

The main indicators for determining the effectiveness of trade activity of the enterprise are commodity stocks, the volume and assortment structure of the turnover of the enterprise, current turnover and turnover, income, profit, level of distribution costs, cost of goods sold.

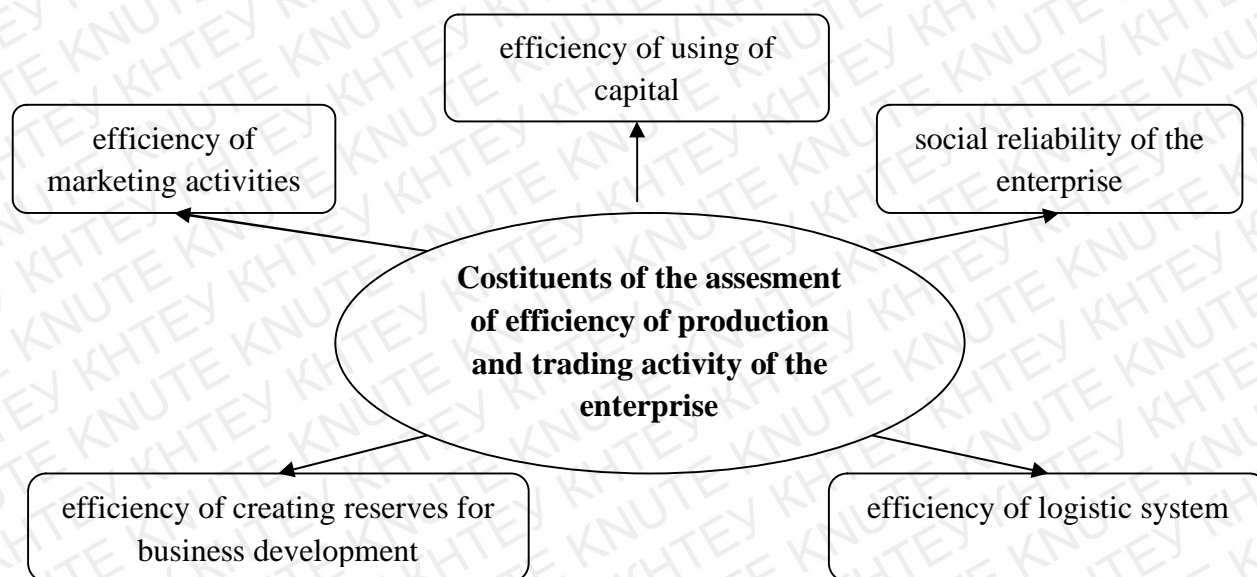
Streamlined and well-functioning logistics system – one of the most important factors of efficiency in the process of trade which has impact on indicators mentioned above. Nowadays enterprises tend to manage their logistic flows according to system «just-in-time» because it helps to calculate demand on some resource in the most effective way, as a result level of expenditures at the enterprise is optimal.

Management of the logistics system should also be considered at enterprises as management of informational and financial flows (and not only material flows) in the process of selling products to the final customers. Obtaining correct and accurate information in a timely manner ensures continuous production and trade processes. Separately, attention should be paid to overcoming this phenomenon in companies as duplication of functions at various levels of the management hierarchy and distortion of information for employees at lower levels of management.

Social responsibility of enterprise is very important for not being outsider on market in today's fast changing conditions when not every business is interested to be useful for society. For author's opinion, social responsibility combines both production and trading activity. Production of safe products and payment of all kinds of taxes especially taxes on pollution of natural resources (emissions into atmosphere, waste in the rivers), using of advanced technologies to reduce negative impact on the ecosystem. Very significant indicator for an enterprise is its charitable activity, the existence of charitable foundations. It is very indicative if industrial enterprises can provide sanatorium-and-spa treatment for their employees. It raises its competitiveness and level of trust of consumers. According to trade activity social responsibility can be shown as using of own trade mark and not misleading consumers about goods and services, their origin and quality, also using tools for fair competitiveness.

The efficiency of the creating of reserves for business development is another factor that should be taken into account when the management system is developing at the enterprise. After all, the formation of reserves makes it possible to support the operating activities of the enterprise at a time when resources of a certain type (or several) are limited.

Picture 1 demonstrates a system of indicators for assessing the efficiency of enterprise production and trading activity.



**Pic.1. Constituents of the assesment of the efficiency of production and trading activities**

Source: Developed by the author

Thus, the combination of the above components gives the opportunity to make decision about the effective management of a production and trading enterprise. If each of the management elements in the enterprise has a positive rating, then this is an indisputable indicator that business is working responsibly and has a long-term perspective. It is clear that achieving the ideal condition for the enterprise is unrealistic, and, on the other hand, is not required.

Taking into account the current conditions for doing business in Ukraine, it is rather difficult to talk about the great interest of business units to do their activities openly and honestly due to the lack of an adequate legislative framework, the large amount of taxes that entrepreneurs must pay, and the dominance of the bureaucratic system.

**Conclusions.** Thus, summing up the above, one can conclude that the efficiency of management is a complex and multifaceted category. There is no single approach to assessing the effectiveness of management. Consequently, the choice of methods for assessing the effectiveness of management depends on the selected criteria, which are carried out assessment, the time period, the objectives of evaluation, as well as the specifics of the enterprise itself. The proposed directions of performance evaluation will allow to objectively and comprehensively analyze effects taking into account the specifics of the enterprise, and to identify the reserves its improvement.

The determined methods give an opportunity to comprehensively evaluate the efficiency of management at production and trading enterprises. First and foremost, today the methods of economic and statistical analysis are still relevant and widely used (trend analysis, vertical analysis, horizontal analysis). But in today's conditions when consumers pay attention not only to the price and quality of goods of the enterprise, its social responsibility is becoming an important aspect of management. It should also be noted that logistics system and marketing policy measures play an important role in production and trade enterprises.

Thus, in modern production and trading enterprises for the assessment of management efficiency it is necessary to apply methods of economic and statistical analysis, factor analysis, methods for assessing the internal and external environment, methods of strategic positioning.

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The paper is executed under the scientific guidance of the candidate of economic sciences,  
associate professor LUKASHOVA L.V.

**Баланс (Звіт про фінансовий стан)  
на 31.12.2015**

Форма N 1 Код за ДКУД 1801001

<b>Актив</b>	<b>Код рядка</b>	<b>На початок звітного періоду</b>	<b>На кінець звітного періоду</b>	<b>На дату переходу на міжнародні стандарти фінансової звітності</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>I. Необоротні активи</b>				
Нематеріальні активи:	1000	1380	1162	0
первісна вартість	1001	3135	3450	0
накопичена амортизація	1002	1755	2288	0
Незавершені капітальні інвестиції	1005	121985	21324	0
Основні засоби:	1010	249531	318288	0
первісна вартість	1011	503180	635685	0
знос	1012	253649	317397	0
Інвестиційна нерухомість:	1015	2376	2380	0
первісна вартість	1016	0	0	0
знос	1017	0	0	0
Довгострокові біологічні активи:	1020	0	0	0
первісна вартість	1021	0	0	0
накопичена амортизація	1022	0	0	0
Довгострокові фінансові інвестиції: які обліковуються за методом участі в капіталі інших підприємств	1030	0	0	0
інші фінансові інвестиції	1035	962	962	0
Довгострокова дебіторська заборгованість	1040	0	828	0
Відстрочені податкові активи	1045	0	0	0
Гудвіл	1050	0	0	0
Відстрочені аквізиційні витрати	1060	0	0	0
Залишок коштів у централізованих страхових резервних фондах	1065	0	0	0
Інші необоротні активи	1090	14455	0	0
Усього за розділом I	1095	390689	344944	0

II. Оборотні активи				
Запаси	1100	259954	311975	0
Виробничі запаси	1101	116092	207194	0
Незавершене виробництво	1102	171	694	0
Готова продукція	1103	143691	104087	0
Товари	1104	0	0	0
Поточні біологічні активи	1110	0	0	0
Депозити перестраховання	1115	0	0	0
Векселі одержані	1120	0	0	0
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	231192	341860	0
Дебіторська заборгованість за розрахунками: за виданими авансами	1130	21491	29025	0
з бюджетом	1135	100243	8225	0
у тому числі з податку на прибуток	1136	2822	3512	0
з нарахованих доходів	1140	0	0	0
із внутрішніх розрахунків	1145	0	0	0
Інша поточна дебіторська заборгованість	1155	33084	60706	0
Поточні фінансові інвестиції	1160	0	0	0
Гроші та їх еквіваленти	1165	17827	67701	0
Готівка	1166	0	0	0
Рахунки в банках	1167	0	0	0
Витрати майбутніх періодів	1170	237	0	0
Частка перестраховика у страхових резервах	1180	0	0	0
у тому числі в: резервах довгострокових зобов'язань	1181	0	0	0
резервах збитків або резервах належних виплат	1182	0	0	0
резервах незароблених премій	1183	0	0	0
інших страхових резервах	1184	0	0	0
Інші оборотні активи	1190	0	0	0
Усього за розділом II	1195	664028	819492	0
III. Необоротні активи, утримувані для продажу, та групи вибуття	1200	1805	0	0
Баланс	1300	1056522	1164436	0



<b>Пасив</b>	<b>Код рядка</b>	<b>На початок звітного періоду</b>	<b>На кінець звітного періоду</b>	<b>На дату переходу на міжнародні стандарти фінансової звітності</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>I. Власний капітал</b>				
Зареєстрований (пайовий) капітал	1400	48174	48174	0
Внески до незареєстрованого статутного капіталу	1401	0	0	0
Капітал у дооцінках	1405	0	0	0
Додатковий капітал	1410	0	0	0
Емісійний дохід	1411	0	0	0
Накопичені курсові різниці	1412	0	0	0
Резервний капітал	1415	0	0	0
Нерозподілений прибуток (непокритий збиток)	1420	881251	1075028	0
Неоплачений капітал	1425	(0)	(0)	(0)
Вилучений капітал	1430	(0)	(0)	(0)
Інші резерви	1435	0	0	0
Усього за розділом I	1495	929425	1123202	0
<b>II. Довгострокові зобов'язання і забезпечення</b>				
Відстрочені податкові зобов'язання	1500	11232	14788	0
Пенсійні зобов'язання	1505	0	0	0
Довгострокові кредити банків	1510	8751	0	0
Інші довгострокові зобов'язання	1515	0	0	0
Довгострокові забезпечення	1520	0	6660	0
Довгострокові забезпечення витрат персоналу	1521	0	0	0
Цільове фінансування	1525	0	0	0
Благодійна допомога	1526	0	0	0
Страхові резерви, у тому числі:	1530	0	0	0
резерв довгострокових зобов'язань; (на початок звітного періоду)	1531	0	0	0
резерв збитків або резерв належних виплат; (на початок звітного періоду)	1532	0	0	0
резерв незароблених премій; (на початок звітного періоду)	1533	0	0	0
інші страхові резерви; (на початок звітного періоду)	1534	0	0	0
Інвестиційні контракти;	1535	0	0	0
Призовий фонд	1540	0	0	0

Резерв на виплату джек-поту	1545	0	0	0
Усього за розділом II	1595	19983	21448	0
III. Поточні зобов'язання і забезпечення				
Короткострокові кредити банків	1600	21022	0	0
Векселі видані	1605	0	0	0
Поточна кредиторська заборгованість: за довгостроковими зобов'язаннями	1610	0	11932	0
за товари, роботи, послуги	1615	66851	1869	0
за розрахунками з бюджетом	1620	1010	809	0
за у тому числі з податку на прибуток	1621	0	0	0
за розрахунками зі страхування	1625	2045	724	0
за розрахунками з оплати праці	1630	3445	2601	0
за одержаними авансами	1635	34	18	0
за розрахунками з учасниками	1640	97	95	0
із внутрішніх розрахунків	1645	0	0	0
за страховою діяльністю	1650	0	0	0
Поточні забезпечення	1660	10349	0	0
Доходи майбутніх періодів	1665	0	0	0
Відстрочені комісійні доходи від перестраховиків	1670	0	0	0
Інші поточні зобов'язання	1690	2261	1738	0
Усього за розділом III	1695	107114	19786	0
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття	1700	0	0	0
V. Чиста вартість активів недержавного пенсійного фонду	1800	0	0	0
Баланс	1900	1056522	1164436	0

Примітки: Примітки до звіту про фінансовий стан наводяться у розділі "Примітки до фінансової звітності", складеної відповідно до МСФЗ"

Керівник

Мурай В.П.

(підпис)

Головний бухгалтер

Кугук І.І.

(підпис)

**Баланс (Звіт про фінансовий стан)  
на 31.12.2016 р.**

Форма N 1 Код за ДКУД1801001

Актив	Код рядка	На початок звітного періоду	На кінець звітного періоду	На дату переходу на міжнародні стандарти фінансової звітності
1	2	3	4	5
<b>I. Необоротні активи</b>				
Нематеріальні активи:	1000	1162	858	0
первісна вартість	1001	3450	3644	0
накопичена амортизація	1002	2288	2786	0
Незавершені капітальні інвестиції	1005	21324	136125	0
Основні засоби:	1010	318288	308843	0
первісна вартість	1011	635685	690613	0
знос	1012	317397	381770	0
Інвестиційна нерухомість:	1015	2380	2348	0
первісна вартість	1016	0	0	0
знос	1017	0	0	0
Довгострокові біологічні активи:	1020	0	0	0
первісна вартість	1021	0	0	0
накопичена амортизація	1022	0	0	0
Довгострокові фінансові інвестиції: які обліковуються за методом участі в капіталі інших підприємств	1030	0	0	0
інші фінансові інвестиції	1035	962	962	0
Довгострокова дебіторська заборгованість	1040	828	840	0
Відстрочені податкові активи	1045	0	0	0
Гудвіл	1050	0	0	0
Відстрочені аквізиційні витрати	1060	0	0	0
Залишок коштів у централізованих страхових резервних фондах	1065	0	0	0
Інші необоротні активи	1090	0	0	0
Усього за розділом I	1095	344944	449976	0

<b>II. Оборотні активи</b>				
Запаси	1100	311975	350643	0
Виробничі запаси	1101	207194	204078	0
Незавершене виробництво	1102	694	958	0
Готова продукція	1103	104087	145607	0
Товари	1104	0	0	0
Поточні біологічні активи	1110	0	0	0
Депозити перестраховання	1115	0	0	0
Векселі одержані	1120	0	0	0
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	341860	379501	0
Дебіторська заборгованість за розрахунками: за виданими авансами	1130	29025	49878	0
з бюджетом	1135	8225	8102	0
у тому числі з податку на прибуток	1136	3512	2480	0
з нарахованих доходів	1140	0	0	0
із внутрішніх розрахунків	1145	0	0	0
Інша поточна дебіторська заборгованість	1155	60706	75911	0
Поточні фінансові інвестиції	1160	0	0	0
Гроші та їх еквіваленти	1165	67701	88369	0
Готівка	1166	0	0	0
Рахунки в банках	1167	0	0	0
Витрати майбутніх періодів	1170	0	328	0
Частка перестраховика у страхових резервах	1180	0	0	0
у тому числі в: резервах довгострокових зобов'язань	1181	0	0	0
резервах збитків або резервах належних виплат	1182	0	0	0
резервах незароблених премій	1183	0	0	0
інших страхових резервах	1184	0	0	0
Інші оборотні активи	1190	0	0	0
Усього за розділом II	1195	819492	952732	0
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	1200	0	0	0
Баланс	1300	1164436	1402708	0

Пасив	Код рядка	На початок звітної періоду	На кінець звітної періоду	На дату переходу на міжнародні стандарти фінансової звітності
1	2	3	4	5
<b>I. Власний капітал</b>				
Зареєстрований (пайовий) капітал	1400	48174	48174	0
Внески до незареєстрованого статутного капіталу	1401	0	0	0
Капітал у дооцінках	1405	0	0	0
Додатковий капітал	1410	0	0	0
Емісійний дохід	1411	0	0	0
Накопичені курсові різниці	1412	0	0	0
Резервний капітал	1415	0	0	0
Нерозподілений прибуток (непокритий збиток)	1420	1075028	1255136	0
Неоплачений капітал	1425	(0)	(0)	(0)
Вилучений капітал	1430	(0)	(0)	(0)
Інші резерви	1435	0	0	0
Усього за розділом I	1495	1123202	1303310	0
<b>II. Довгострокові зобов'язання і забезпечення</b>				
Відстрочені податкові зобов'язання	1500	14788	14646	0
Пенсійні зобов'язання	1505	0	0	0
Довгострокові кредити банків	1510	0	12932	0
Інші довгострокові зобов'язання	1515	0	0	0
Довгострокові забезпечення	1520	6660	9930	0
Довгострокові забезпечення витрат персоналу	1521	0	0	0
Цільове фінансування	1525	0	0	0
Благодійна допомога	1526	0	0	0
Страхові резерви, у тому числі:	1530	0	0	0
резерв довгострокових зобов'язань; (на початок звітної періоду)	1531	0	0	0
резерв збитків або резерв належних виплат; (на початок звітної періоду)	1532	0	0	0
резерв незароблених премій; (на початок звітної періоду)	1533	0	0	0
інші страхові резерви; (на початок звітної періоду)	1534	0	0	0

Інвестиційні контракти;	1535	0	0	0
Призовий фонд	1540	0	0	0
Резерв на виплату джек-поту	1545	0	0	0
Усього за розділом II	1595	21448	37508	0
<b>III. Поточні зобов'язання і забезпечення</b>				
Короткострокові кредити банків	1600	0	0	0
Векселі видані	1605	0	0	0
Поточна кредиторська заборгованість: за довгостроковими зобов'язаннями	1610	11932	0	0
за товари, роботи, послуги	1615	1869	48156	0
за розрахунками з бюджетом	1620	809	1787	0
за у тому числі з податку на прибуток	1621	0	0	0
за розрахунками зі страхування	1625	724	1157	0
за розрахунками з оплати праці	1630	2601	3344	0
за одержаними авансами	1635	18	538	0
за розрахунками з учасниками	1640	95	0	0
із внутрішніх розрахунків	1645	0	0	0
за страховою діяльністю	1650	0	0	0
Поточні забезпечення	1660	0	0	0
Доходи майбутніх періодів	1665	0	0	0
Відстрочені комісійні доходи від перестраховиків	1670	0	0	0
Інші поточні зобов'язання	1690	1738	6908	0
Усього за розділом III	1695	19786	61890	0
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття	1700	0	0	0
V. Чиста вартість активів недержавного пенсійного фонду	1800	0	0	0
Баланс	1900	1164436	1402708	0

Примітки: Примітки до звіту про фінансовий стан наводяться у розділі "Примітки до фінансової звітності", складеної відповідно до МСФЗ"

Керівник

Мурай В.П.

(підпис)

Головний бухгалтер

Кугук І.І.

(підпис)

**Баланс (Звіт про фінансовий стан)  
на 31.12.2017 р.**

Форма N 1 Код за ДКУД 1801001

<b>Актив</b>	<b>Код рядка</b>	<b>На початок звітного періоду</b>	<b>На кінець звітного періоду</b>	<b>На дату переходу на міжнародні стандарти фінансової звітності</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>I. Необоротні активи</b>				
Нематеріальні активи:	1000	858	711	0
первісна вартість	1001	3644	3680	0
накопичена амортизація	1002	2786	2969	0
Незавершені капітальні інвестиції	1005	136125	146470	0
Основні засоби:	1010	308843	371431	0
первісна вартість	1011	690613	823393	0
знос	1012	381770	451962	0
Інвестиційна нерухомість:	1015	2348	2256	0
первісна вартість	1016	0	0	0
знос	1017	0	0	0
Довгострокові біологічні активи:	1020	0	0	0
первісна вартість	1021	0	0	0
накопичена амортизація	1022	0	0	0
Довгострокові фінансові інвестиції: які обліковуються за методом участі в капіталі інших підприємств	1030	0	0	0
інші фінансові інвестиції	1035	962	962	0
Довгострокова дебіторська заборгованість	1040	840	1691	0
Відстрочені податкові активи	1045	0	0	0
Гудвіл	1050	0	0	0
Відстрочені аквізиційні витрати	1060	0	0	0
Залишок коштів у централізованих страхових резервних фондах	1065	0	0	0
Інші необоротні активи	1090	0	0	0
Усього за розділом I	1095	449976	523521	0

II. Оборотні активи				
Запаси	1100	350643	383733	0
Виробничі запаси	1101	204078	223946	0
Незавершене виробництво	1102	958	10129	0
Готова продукція	1103	145607	149658	0
Товари	1104	0	0	0
Поточні біологічні активи	1110	0	0	0
Депозити перестраховання	1115	0	0	0
Векселі одержані	1120	0	0	0
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	379501	491663	0
Дебіторська заборгованість за розрахунками: за виданими авансами	1130	49878	14798	0
з бюджетом	1135	8102	0	0
у тому числі з податку на прибуток	1136	2480	0	0
з нарахованих доходів	1140	0	0	0
із внутрішніх розрахунків	1145	0	0	0
Інша поточна дебіторська заборгованість	1155	75911	95820	0
Поточні фінансові інвестиції	1160	0	0	0
Гроші та їх еквіваленти	1165	88369	56153	0
Готівка	1166	0	0	0
Рахунки в банках	1167	0	0	0
Витрати майбутніх періодів	1170	328	332	0
Частка перестраховика у страхових резервах	1180	0	0	0
у тому числі в: резервах довгострокових зобов'язань	1181	0	0	0
резервах збитків або резервах належних виплат	1182	0	0	0
резервах незароблених премій	1183	0	0	0
інших страхових резервах	1184	0	0	0
Інші оборотні активи	1190	0	0	0
Усього за розділом II	1195	952732	1042499	0



III. Необоротні активи, утримувані для продажу, та групи вибуття	1200	0	0	0
Баланс	1300	1402708	1566020	0

Пасив	Код рядка	На початок звітнього періоду	На кінець звітнього періоду	На дату переходу на міжнародні стандарти фінансової звітності
1	2	3	4	5
<b>I. Власний капітал</b>				
Зареєстрований (пайовий) капітал	1400	48174	48174	0
Внески до незареєстрованого статутного капіталу	1401	0	0	0
Капітал у дооцінках	1405	0	0	0
Додатковий капітал	1410	0	0	0
Емісійний дохід	1411	0	0	0
Накопичені курсові різниці	1412	0	0	0
Резервний капітал	1415	0	0	0
Нерозподілений прибуток (непокритий збиток)	1420	1255136	1356179	0
Неоплачений капітал	1425	(0)	(0)	(0)
Вилучений капітал	1430	(0)	(0)	(0)
Інші резерви	1435	0	0	0
Усього за розділом I	1495	1303310	1404353	0
<b>II. Довгострокові зобов'язання і забезпечення</b>				
Відстрочені податкові зобов'язання	1500	14646	17184	0
Пенсійні зобов'язання	1505	0	0	0
Довгострокові кредити банків	1510	12932	0	0
Інші довгострокові зобов'язання	1515	0	0	0
Довгострокові забезпечення	1520	9930	15768	0
Довгострокові забезпечення витрат персоналу	1521	0	0	0
Цільове фінансування	1525	0	0	0
Благодійна допомога	1526	0	0	0
Страхові резерви, у тому числі:	1530	0	0	0
резерв довгострокових зобов'язань; (на початок звітнього періоду)	1531	0	0	0
резерв збитків або резерв належних виплат; (на початок звітнього періоду)	1532	0	0	0

резерв незароблених премій; (на початок звітнього періоду)	1533	0	0	0
інші страхові резерви; (на початок звітнього періоду)	1534	0	0	0
Інвестиційні контракти;	1535	0	0	0
Призовий фонд	1540	0	0	0
Резерв на виплату джек-поту	1545	0	0	0
Усього за розділом II	1595	37508	32952	0
<b>III. Поточні зобов'язання і забезпечення</b>				
Короткострокові кредити банків	1600	0	0	0
Векселі видані	1605	0	0	0
Поточна кредиторська заборгованість: за довгостроковими зобов'язаннями	1610	0	0	0
за товари, роботи, послуги	1615	48156	64827	0
за розрахунками з бюджетом	1620	1787	8588	0
за у тому числі з податку на прибуток	1621	0	1975	0
за розрахунками зі страхування	1625	1157	2153	0
за розрахунками з оплати праці	1630	3344	6010	0
за одержаними авансами	1635	538	2329	0
за розрахунками з учасниками	1640	0	0	0
із внутрішніх розрахунків	1645	0	0	0
за страховою діяльністю	1650	0	0	0
Поточні забезпечення	1660	0	0	0
Доходи майбутніх періодів	1665	0	0	0
Відстрочені комісійні доходи від перестраховиків	1670	0	0	0
Інші поточні зобов'язання	1690	6908	44808	0
Усього за розділом III	1695	61890	128715	0
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття	1700	0	0	0
V. Чиста вартість активів недержавного пенсійного фонду	1800	0	0	0
Баланс	1900	1402708	1566020	0

**Звіт про фінансові результати (Звіт про сукупний дохід)  
за 2015 р.**

**I. Фінансові результати**

Форма № 2 Код за ДКУД 1801003

Стаття	Код рядка	За звітний період	За аналогічний період попереднього року
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	1538245	1787676
Чисті зароблені страхові премії	2010	0	0
Премії підписані, валова сума	2011	0	0
Премії, передані у перестраховання	2012	0	0
Зміна резерву незароблених премій, валова сума	2013	0	0
Зміна частки перестраховиків у резерві незароблених премій	2014	0	0
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 1169249 )	( 1377563 )
Чисті понесені збитки за страховими виплатами	2070	( 0 )	( 0 )
<b>Валовий:</b> прибуток	2090	368996	410113
збиток	2095	( 0 )	( 0 )
Дохід (витрати) від зміни у резервах довгострокових зобов'язань	2105	0	0
Дохід (витрати) від зміни інших страхових резервів	2110	0	0
Зміна інших страхових резервів, валова сума	2111	0	0
Зміна частки перестраховиків в інших страхових резервах	2112	0	0
Інші операційні доходи	2120	39892	10048
Дохід від зміни вартості активів, які оцінюються за справедливою вартістю	2121	0	0
Дохід від первісного визнання біологічних активів і сільськогосподарської продукції	2122	0	0
Адміністративні витрати	2130	( 45593 )	( 55526 )
Витрати на збут	2150	( 54256 )	( 37364 )
Інші операційні витрати	2180	( 56583 )	( 45144 )
Витрат від зміни вартості активів, які оцінюються за справедливою вартістю	2181	( 0 )	( 0 )

Витрат від первісного визнання біологічних активів і сільськогосподарської продукції	2182	( 0 )	( 0 )
<b>Фінансовий результат від операційної діяльності:</b>			
прибуток	2190	252456	282127
збиток	2195	( 0 )	( 0 )
Дохід від участі в капіталі	2200	0	0
Інші фінансові доходи	2220	1333	740
Інші доходи	2240	0	0
Дохід від благодійної допомоги	2241	0	0
Фінансові витрати	2250	( 7958 )	( 2194 )
Втрати від участі в капіталі	2255	( 0 )	( 0 )
Інші витрати	2270	( 203 )	( 1322 )
Прибуток (збиток) від впливу інфляції на монетарні статті	2275	0	0
<b>Фінансовий результат до оподаткування:</b>			
прибуток	2290	245628	279351
збиток	2295	( 0 )	( 0 )
Витрати (дохід) з податку на прибуток	2300	51851	57171
Прибуток (збиток) від припиненої діяльності після оподаткування	2305	0	0
<b>Чистий фінансовий результат:</b>			
прибуток	2350	193777	222180
збиток	2355	( 0 )	( 0 )

## II. Сукупний дохід

Стаття	Код рядка	За звітний період	За аналогічний період попереднього року
Дооцінка (уцінка) необоротних активів	2400	0	0
Дооцінка (уцінка) фінансових інструментів	2405	0	0
Накопичені курсові різниці	2410	0	0
Частка іншого сукупного доходу асоційованих та спільних підприємств	2415	0	0
Інший сукупний дохід	2445	0	0
Інший сукупний дохід до оподаткування	2450	0	0
Податок на прибуток, пов'язаний з іншим сукупним доходом	2455	0	0
Інший сукупний дохід після оподаткування	2460	0	0
Сукупний дохід (сума рядків 2350, 2355 та 2460)	2465	193777	222180

**III. Елементи операційних витрат**

Матеріальні затрати	2500	966775	1120250
Витрати на оплату праці	2505	93403	96839
Відрахування на соціальні заходи	2510	32027	37128
Амортизація	2515	90821	112834
Інші операційні витрати	2520	472070	153017
Разом	2550	1655096	1520068

**IV. Розрахунок показників прибутковості акцій**

Середньорічна кількість простих акцій	2600	6021800	6021800
Скоригована середньорічна кількість простих акцій	2605	6021800	6021800
Чистий прибуток (збиток) на одну просту акцію	2610	32.179249	36.895945
Скоригований чистий прибуток (збиток) на одну просту акцію	2615	32.179249	36.895945
Дивіденди на одну просту акцію	2650	0	0

Примітки: Примітки до звіту про фінансові результати наводяться у розділі "Примітки до фінансової звітності", складеної відповідно до МСФЗ"

Керівник

Мурай В.П.

(підпис)

Головний бухгалтер

Кугук І.І.

(підпис)

**Звіт про фінансові результати (Звіт про сукупний дохід)  
за 2016 р.**

**I. Фінансові результати**

Форма N 2 Код за ДКУД 1801003

Стаття	Код рядка	За звітний період	За аналогічний період попереднього року
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	1191516	1538245
Чисті зароблені страхові премії	2010	0	0
Премії підписані, валова сума	2011	0	0
Премії, передані у перестраховання	2012	0	0
Зміна резерву незароблених премій, валова сума	2013	0	0
Зміна частки перестраховиків у резерві незароблених премій	2014	0	0
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 903548 )	( 1169249 )
Чисті понесені збитки за страховими виплатами	2070	( 0 )	( 0 )
<b>Валовий:</b> прибуток	2090	287968	368996
збиток	2095	( 0 )	( 0 )
Дохід (витрати) від зміни у резервах довгострокових зобов'язань	2105	0	0
Дохід (витрати) від зміни інших страхових резервів	2110	0	0
Зміна інших страхових резервів, валова сума	2111	0	0
Зміна частки перестраховиків в інших страхових резервах	2112	0	0
Інші операційні доходи	2120	856395	39892
Дохід від зміни вартості активів, які оцінюються за справедливою вартістю	2121	0	0
Дохід від первісного визнання біологічних активів і сільськогосподарської продукції	2122	0	0
Адміністративні витрати	2130	( 46871 )	( 45593 )
Витрати на збут	2150	( 51477 )	( 54256 )
Інші операційні витрати	2180	( 824230 )	( 56583 )
Витрат від зміни вартості активів, які оцінюються за справедливою вартістю	2181	( 0 )	( 0 )
Витрат від первісного визнання біологічних активів і сільськогосподарської продукції	2182	( 0 )	( 0 )

<b>Фінансовий результат від операційної діяльності:</b>			
прибуток	2190	221785	252456
збиток	2195	( 0 )	( 0 )
Дохід від участі в капіталі	2200	0	0
Інші фінансові доходи	2220	576	1333
Інші доходи	2240	321	0
Дохід від благодійної допомоги	2241	0	0
Фінансові витрати	2250	( 1292 )	( 7958 )
Втрати від участі в капіталі	2255	( 0 )	( 0 )
Інші витрати	2270	( 561 )	( 203 )
Прибуток (збиток) від впливу інфляції на монетарні статті	2275	0	0
<b>Фінансовий результат до оподаткування:</b>		220829	245628
прибуток	2290		
збиток	2295	( 0 )	( 0 )
Витрати (дохід) з податку на прибуток	2300	40721	51851
Прибуток (збиток) від припиненої діяльності після оподаткування	2305	0	0
<b>Чистий фінансовий результат:</b>		180108	193777
прибуток	2350		
збиток	2355	( 0 )	( 0 )

### II. Сукупний дохід

Стаття	Код рядка	За звітний період	За аналогічний період попереднього року
Дооцінка (уцінка) необоротних активів	2400	0	0
Дооцінка (уцінка) фінансових інструментів	2405	0	0
Накопичені курсові різниці	2410	0	0
Частка іншого сукупного доходу асоційованих та спільних підприємств	2415	0	0
Інший сукупний дохід	2445	0	0
Інший сукупний дохід до оподаткування	2450	0	0
Податок на прибуток, пов'язаний з іншим сукупним доходом	2455	0	0
Інший сукупний дохід після оподаткування	2460	0	0
Сукупний дохід (сума рядків 2350, 2355 та 2460)	2465	180108	193777

### III. Елементи операційних витрат

Матеріальні затрати	2500	989521	996775
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Витрати на оплату праці	2505	110453	93403
Відрахування на соціальні заходи	2510	22533	32027
Амортизація	2515	65240	90821
Інші операційні витрати	2520	482964	472070
Разом	2550	1670711	1655096

#### IV. Розрахунок показників прибутковості акцій

Середньорічна кількість простих акцій	2600	6021800	6021800
Скоригована середньорічна кількість простих акцій	2605	6021800	6021800
Чистий прибуток (збиток) на одну просту акцію	2610	29.91	36.89
Скоригований чистий прибуток (збиток) на одну просту акцію	2615	29.91	36.89
Дивіденди на одну просту акцію	2650	0	0

Примітки: Примітки до звіту про фінансові результати наводяться у розділі "Примітки до фінансової звітності", складеної відповідно до МСФЗ"

Керівник

Мурай В.П.

(підпис)

Головний бухгалтер

Кугук І.І.

(підпис)



**Звіт про фінансові результати (Звіт про сукупний дохід)  
за 2017 р.**

**I. Фінансові результати**

Форма N 2 Код за ДКУД 1801003

<b>Стаття</b>	<b>Код рядка</b>	<b>За звітний період</b>	<b>За аналогічний період попереднього року</b>
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	1258436	1191516
Чисті зароблені страхові премії	2010	0	0
Премії підписані, валова сума	2011	0	0
Премії, передані у перестраховання	2012	0	0
Зміна резерву незароблених премій, валова сума	2013	0	0
Зміна частки перестраховиків у резерві незароблених премій	2014	0	0
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 1046982 )	( 903548 )
Чисті понесені збитки за страховими виплатами	2070	( 0 )	( 0 )
<b>Валовий:</b> прибуток	2090	211454	287968
збиток	2095	( 0 )	( 0 )
Дохід (витрати) від зміни у резервах довгострокових зобов'язань	2105	0	0
Дохід (витрати) від зміни інших страхових резервів	2110	0	0
Зміна інших страхових резервів, валова сума	2111	0	0
Зміна частки перестраховиків в інших страхових резервах	2112	0	0
Інші операційні доходи	2120	1065399	856395
Дохід від зміни вартості активів, які оцінюються за справедливою вартістю	2121	0	0
Дохід від первісного визнання біологічних активів і сільськогосподарської продукції	2122	0	0
Адміністративні витрати	2130	( 59143 )	( 46871 )
Витрати на збут	2150	( 52969 )	( 51477 )
Інші операційні витрати	2180	( 1041447 )	( 824230 )
Витрат від зміни вартості активів, які оцінюються за справедливою вартістю	2181	( 0 )	( 0 )

Витрат від первісного визнання біологічних активів і сільськогосподарської продукції	2182	( 0 )	( 0 )
<b>Фінансовий результат від операційної діяльності:</b>			
прибуток	2190	123294	221785
збиток	2195	( 0 )	( 0 )
Дохід від участі в капіталі	2200	0	0
Інші фінансові доходи	2220	208	576
Інші доходи	2240	19	321
Дохід від благодійної допомоги	2241	0	0
Фінансові витрати	2250	( 73 )	( 1292 )
Втрати від участі в капіталі	2255	( 0 )	( 0 )
Інші витрати	2270	( 23 )	( 561 )
Прибуток (збиток) від впливу інфляції на монетарні статті	2275	0	0
<b>Фінансовий результат до оподаткування:</b>			
прибуток	2290	123425	220829
збиток	2295	( 0 )	( 0 )
Витрати (дохід) з податку на прибуток	2300	22382	40721
Прибуток (збиток) від припиненої діяльності після оподаткування	2305	0	0
<b>Чистий фінансовий результат:</b>			
прибуток	2350	101043	180108
збиток	2355	( 0 )	( 0 )

## II. Сукупний дохід

Стаття	Код рядка	За звітний період	За аналогічний період попереднього року
Дооцінка (уцінка) необоротних активів	2400	0	0
Дооцінка (уцінка) фінансових інструментів	2405	0	0
Накопичені курсові різниці	2410	0	0
Частка іншого сукупного доходу асоційованих та спільних підприємств	2415	0	0
Інший сукупний дохід	2445	0	0
Інший сукупний дохід до оподаткування	2450	0	0
Податок на прибуток, пов'язаний з іншим сукупним доходом	2455	0	0
Інший сукупний дохід після оподаткування	2460	0	0
Сукупний дохід (сума рядків 2350, 2355 та 2460)	2465	101043	180108

## III. Елементи операційних витрат

Матеріальні затрати	2500	993002	989521
Витрати на оплату праці	2505	160927	110453
Відрахування на соціальні заходи	2510	34026	22533

Амортизація	2515	72041	65240
Інші операційні витрати	2520	146751	482964
Разом	2550	1406747	1670711

#### IV. Розрахунок показників прибутковості акцій

Середньорічна кількість простих акцій	2600	6021800	6021800
Скоригована середньорічна кількість простих акцій	2605	6021800	6021800
Чистий прибуток (збиток) на одну просту акцію	2610	16.7802	29.91
Скоригований чистий прибуток (збиток) на одну просту акцію	2615	16.7802	29.91
Дивіденди на одну просту акцію	2650	0	0

Примітки: Примітки до звіту про фінансові результати наводяться у розділі "Примітки до фінансової звітності", складеної відповідно до МСФЗ"

Керівник

Мурай В.П.

(підпис)

Головний бухгалтер

Кугук І.І

(підпис)

### Indicators of financial stability of JSC “Slovianski Wallpaper – KFTP”

№	Indicators	Calculation	Norm a	2015	2016	2017	Deviation	
							2016/ 2015	2017/ 2016
1	Financial solvency ratio (autonomy)	Equity(p.1495 φ1) / Currency balance (p.1900 φ.1)	>0,5	0,92	0,95	0,92	0,03	-0,03
2	Financial dependence ratio	1-Financial solvency ratio	<0,5	0,08	0,05	0,08	-0,03	0,03
3	Own to borrowing funds ratio	Equity ( p.1495 φ1) / Debt capital (p.1595+p.1695+p.1700)	>1	12,19	20,3	11,3	7,4	-9
4	Long-term capital raising ratio	Long-term liabilities (1595 φ1)/ Equity (p. 1495 φ.1)	0,4-0,6	0,02	0,018	0,011	-0,002	-0,007
5	Own working capital, ths.uah	Equity (1495) +Long-term liabilities(1595) – Non-current assets (1095)	increasing	67921 2,5	84996 5	900022, 5	170752, 5	50057,5
6	Equity agility ratio	1495+1595-1095 / 1900	>0,5	0,61	0,69	0,63	0,08	-0,06
7	Securing of current assets by own funds ratio	1495+1595-1095/1195	>0,1	0,92	0,96	0,90	0,04	-0,06
8	Own circulating capital agility ratio	1165/1495+1595-1095	>0	0,06	0,09	0,08	0,03	-0,01
9	Financial stability ratio	1495+1595-1095/1595+1695	>1	8,07	14,85	7,79	6,78	-7,06
10	Financial sustainability ratio	1495+1595/1900	0,7-0,9	0,94	0,49	0,93	-0,45	0,44

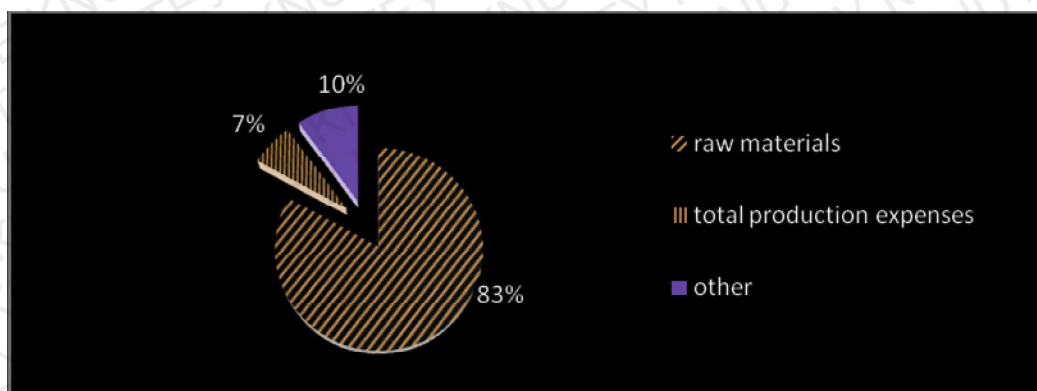
Source: Own elaboration based on statistic data of JSC “Slovianski Wallpaper – KFTP”

**Indicators of the state and movement of fixed assets and their use in the enterprise**

№	Indicators	2015	2016	2017	Absolute deviation 2016-2015	Absolute deviation 2017-2016
1	The initial cost of fixed assets at the beginning of the year	698745	734557	790451	44812	55894
2	The initial cost of fixed assets in the end of year	734557	790451	924596	55894	134055
3	Residual cost of fixed assets	236587	248745	313286	12158	64541
4	Indicators of the state of fixed assets					
4.1	The coefficient of fixed assets	0,29	0,31	0,4	0,02	0,09
4.2	Ratio of fixed assets	0,65	0,69	0,6	0,04	-0,09
5	Indicators of the movement of fixed assets					
5.1	Replacement factor of fixed assets	0,05	0,07	0,15	0,02	0,08
5.2	Disposal factor of fixed assets	0,001	0,001	0,002	0	0,001
6.	Performance indicators of fixed assets use					
6.1	Capital productivity	1,52	1,56	1,47	0,04	-0,09
6.2	Capital ratio	0,65	0,64	0,68	-0,01	0,04
6.3	Fixed capital per employee	915,5	936,7	866,2	21,2	-70,5
6.4	Return on fixed assets	19,56	29,04	14,49	9,48	-14,55

*Source: Own elaboration based on statistic data of JSC "Slovyanski Wallpaper – KFTP"*

### Structure of cost of goods sold in 2017



Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”

### Sale price for production unit within Ukraine for 2015-2017 years

Types of wallpapers	Measurement unit	2015	2016	2017
1. Vinyl wallpapers	ths. units	29560,81	31024,77	34024,77
2. Flizelin wallpapers	ths. units	38735,57	40664,6	45664,6
3. Hot stamping wallpapers	ths. units	61588,28	64657,84	64647,84
4. Acrylic wallpapers	ths. units	15934,68	16722,97	19752,97

\*Note: Sale price for production unit without taxes and transportation costs

Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”

### ABC analysis based on data 2017 year

Wallpapers collections	Sale volume, ths.uah	Percent in total sale volume	Cummulative sale volume, %	Classification
VIP Class	145523	14,29%	14,29%	A
VIP Plus	142364	13,98%	28,27%	A
Le Grand Gold	138454	13,59%	41,86%	A
Le Grand Diamond	125478	12,32%	54,18%	A
Office Style	124875	12,26%	66,45%	A
Le Grand Platinum	105425	10,35%	76,80%	A
Expromt	54785	5,38%	82,18%	B
Comfort Plus	49046	4,82%	86,99%	B
Airy Wall	47523	4,67%	91,66%	B
Elegance	21457	2,11%	93,77%	B
Garant	12566	1,23%	95,00%	C
Colorit	10966	1,08%	96,08%	C
Gracia	10698	1,05%	97,13%	C
Harmony	10545	1,04%	98,16%	C
Comfort	9974	0,98%	99,14%	C
Venice	8745	0,86%	100,00%	C
Total	1018424	100%		

Source: Own elaboration based on statistic data of JSC "Slovyanski Wallpaper – KFTP"

### PEST analysis

Factors of macro-economic environment	State of the factor	Character of the factor influence	Degree of the factor influence (-5;+5)	Possible measures of the enterprise
1	2	3	4	5
<b>1. Political factors</b>				
1.1. Government stability	political stability is uncertain	negative	-5	looking for new opportunities according to political environment
1.2. Taxation system	tax pressure on business	negative	-3	to run business legally and pay taxes, use possibilities which enable to decrease taxes level
1.3. Existence of trade restrictions	trade restrictions with Russia	negative	-5	looking for access to new markets
<b>2. Economic factors</b>				
2.1. Inflation rate	national currency is unstable	negative	-4	to increase overseas sales when inflation rate is going up
2.2. Interest rates	increasing interest rate for loan	negative	-3	to use borrowed capital in the most effective way to increase profitability
2.3. Employment level	unemployment level is decreased	positive	+3	to increase opportunity to give new workplaces
2.4. Exchange rates	exchange rates are unstable	negative	-3	to increase currency reserves
<b>3. Social factors</b>				
3.1. Increasing of population level	population level is going down	negative	-2	to improve strategic management policy

Continuation of appendix L



1	2	3	4	4
3.2 Social responsibility	increasing the importance of social responsibility in business environment	positive	+4	adhering the business ethics towards government, customers, suppliers, etc
3.3. Image of the company, brand	strengthening position of the company compared to competitors	positive	+4	to introduce the company's brand on the new markets
4. Technological factors				
4.1. Fragmentation and introduction of new technologies	influence of technologies is increasing from year to year	positive	+4	advanced production lines and technologies enable to produce high-quality and safe products, to carry out quality control

*Source: Own elaboration*

## Appendix M.1

**Output data for factor analysis of profitability of realization**

№	Indicators	Calculation	2016	2017	Deviation
1	Proceeds from sales, ths.uah	Financial statement № 2	1191516	1258436	66920
2	Cost of goods sold, ths.uah	Financial statement № 2	903095	1046486	143391
3	Income from sales, ths.uah	Line1-line2	288421	211950	-76471
4	Profitability of realization, %	Line 3/line1 × 100%	24,21	16,84	-7,37

Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper – KFTP”

## Appendix M.2

**Output data for analysis factor impact on return on assets at****JSC “Slovyanski Wallpaper – KFTP” (by DuPont system of analysis)**

№	Indicators	Calculation algorithm	2016	2017	Absolute deviation 2017-2016
1	Turnover (TO), ths.uah	Form 2 of financial statement	1191516	1258436	66920
2	Cost of goods sold	Form 2 of financial statement	903095	1046486	143391
3.	Interest expense	Form 2 of financial statement	1292	73	-1219
4.	Earnings (profit) before tax	Form 2 of financial statement	221441	124222	-97219
5.	Net income	Form 2 of financial statement	180720	101840	-78880
6.	Average assets	AAAs= (A beg+A end)/2	1218739	1419467	200728
7.	Return on turnover, %	TP=Profit to tax × 100%/TO	18,58	9,87	-8,71
8.	Asset turnover coefficient	ATC=TO/AAAs	0,98	0,89	-0,09
9.	Return on assets, %	Return on turnover × ATC	18,21	8,78	-9,43

Source: Own elaboration based on statistic data of JSC “Slovyanski Wallpaper– KFTP”

## Appendix N

**The indicators of turnover and efficiency of the use of current assets of JSC  
“Slovjanski Wallpaper – KFTP” for 2015-2017 years**

Indicator	2015	2016	2017	Absolute deviation	
				2016	2017
Current assets turnover ratio	1,99	2,073	1,21	0,083	-0,86
Current assets load ratio	0,5	0,8	0,83	0,3	0,03
Current assets profitability ratio	0,25	0,49	0,09	0,24	-0,4
Duration of one turnover of current assets, days	180	174	297	-6	123
Return on current assets, %	19,49	26,12	9,75	6,63	-16,37

*Source: Own elaboration based on statistic data of JSC “Slovjanski Wallpaper– KFTP”*